FINANCIAL TIMES

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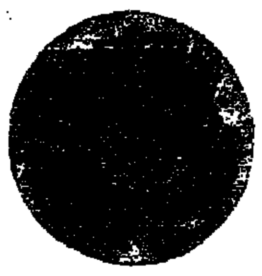
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Capitalising on logistics expertise
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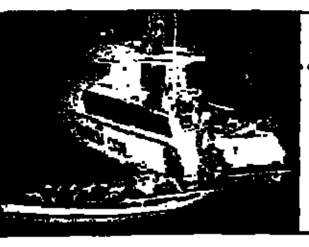
FT WEEKEND
Dire Straits of Eden
TOMORROW

World Business Newspaper http://www.FT.com FRIDAY AUGUST 29 1997

Norsk discovers huge North Sea natural gas field

A natural gas field discovered in the Norwegian Sea could be one of the biggest in western Europe, according to oil experts. Norwegian industrial conglomerate Norsk Hydro announced that the Ormen Lange well being drilled in the Norwegian Sea had encountered natural gas in the upper reaches of its target reservoir. Norsk would not estimate the size of the find, but experts in Stavanger said it could be as big as the giant Troll field. Page 14

Lufthansa profits treble: German airline Lufthansa reported a trebling of pre-tax profits in the first half and set itself on course for full privatisation in October. Page 15

Nato troops in Bosnia clash: US troops of Nato's Bosnia Stabilisation Force clashed with crowds supporting former Bosnian Serb president Radovan Karadzic. Page 14; Editorial comment, Page 13

Sinn Féin to join talks: The UK government has decided to allow Sinn Féin to join the all-party talks on Northern Ireland's future in Belfast on September 15. Page 6

UK pledges to fight drugs: British foreign secretary Robin Cook promised in Kuala Lumpur to help the Malaysian authorities fight drug trafficking. Page 6

Mattel mystery: The 35-year-old mystery over the death of Enrico Mattei – founder and chairman of Italy's Eni oil and gas group – is about to be resolved. Page 2

$35m record fee for soccer's Denilson

Soccer's transfer market hotted up again when Real Betis of Seville bought 20-year old Brazilian winger Denilson, left, from Sao Paolo for $35m – smashing the world record for a deal set two months ago. The previous highest was the $27m paid by Italy's Inter Milan to another Brazilian, Ronaldo, to enable him to buy his way out of a contract with Barcelona. Page 14

Suzuki takes on New Delhi: A row between Suzuki and the Indian government over the appointment of a new managing director at their joint car venture Maruti escalated when the Japanese manufacturer criticised New Delhi's handling of the affair. Page 15

Optus loses $300m: Australia's second-largest telecoms group Optus reported a A$411.8m (US$305.2m) loss in the year to June 30 after a A$423.4m charge relating to its Optus Vision pay-TV arm. Page 17

New Haughey probe: The Irish government is to hold a second inquiry into a $1.6m payments-to-politicians scandal that has exposed former prime minister Charles Haughey to possible prosecution.

Burger wars flare up: Burger wars in the US have escalated with the announcement by Burger King that it is launching a direct assault on McDonald's flagship Big Mac with a look-alike product called the Big King. Page 15

Japan failed to repair nuclear leaks: Japan's nuclear agency got extra funds to repair faulty nuclear waste storage pits in 1992, but failed to do so. Page 5

Saga Petroleum, Norway's largest independent oil producer, announced the departure of a manager after a probe into insider trading. Page 2

Hutchison Whampoa profits flat: Hutchison Whampoa, part of the group run by Hong Kong's Li Ka-shing, reported flat net profits of HK$7.85bn ($1.0bn) for the first half of the year. Page 16

Split in Taiwan's ruling party: Dissension has erupted within Taiwan's governing Nationalist party, setting the stage for a showdown between provincial governor James Soong and outgoing premier Lien Chan. Page 5

Going the distance: Japanese doctors say long-distance commuting may be bad for the heart. A study in Tokyo found that men who commuted for 90 minutes had more variable heart rates than those who travelled less.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	7,674.68	(-112.65)
NASDAQ Composite	1,581.40	(-14.14)
Europe and Far East		
CAC40	2,828.41	(-43.29)
DAX	3,973.85	(-22.01)
FTSE 100	4,845.4	(-61.5)
Nikkei	18,451.45	(+9.51)

US LUNCHTIME RATES

Federal Funds	5⅝%
3-mth Treas Bills: Yld	5.218%
Long Bond	96 1/32
Yield	6.613%

OTHER RATES

UK: 3-mo Interbank	7¼%	(same)
UK: 10 yr Gilt	101 5/16	(101 3/32)
France: 10 yr OAT	99.74	(99.51)
Germany: 10 yr Bund	102.42	(102.11)
Japan: 10 yr JGB	107.2867	(107.058)

NORTH SEA OIL (Argus)

Brent Dated	$18.20	(18.07)

GOLD

New York: Comex		
(Sep)	$324.1	(325.5)
London:		
close	$325.55	(324.75)

DOLLAR

New York: lunchtime		
£	1.6185	
DM	1.7885	
FFr	6.020	
SFr	1.47925	
Y	118.43	
London:		
£	1.6151	(1.6113)
DM	1.7984	(1.8104)
FFr	6.0460	(6.0973)
SFr	1.4834	(1.4971)
Y	118.485	(118.855)
Tokyo close:	Y 118.45	

STERLING

DM	2.9014	(2.917)

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Fears over rise in US interest rates contribute to fall in European stocks

Malaysian disarray jolts world markets

By James Kynge in Kuala Lumpur and John Ridding in Hong Kong

Signs of deep disarray in Malaysia's financial policy jolted confidence throughout south-east Asia yesterday, contributing to falls in world stock markets and helping drive some Asian currencies to new lows.

One source of the unease was the snap decision by the Kuala Lumpur Stock Exchange in effect to ban the short-selling of shares. The move drew almost universal criticism from financial markets and aroused fears that Malaysia might be abandoning its free-market policies.

European stock markets also took a battering. Asia's problems played their part, particularly in London, where three big stocks – financial groups HSBC and Standard Chartered, and Cable and Wireless – have significant Asian links.

Worries about a possible rise in US interest rates, following the publication yesterday of an upward revision to second quarter economic growth, sent the Dow Jones Industrial average down more than 125 points in early trading, though it later rallied, and depressed European stocks. In London, the FTSE 100 index shed 61.5 to 4,845.4, while in Germany the DAX was off 94.6 to 3,897.43.

Economists said they hoped Malaysia would set out clear policies to address what had now become a crisis of confidence in its economy.

Instead, Mahathir Mohamad, Malaysia's prime minister, railed again at "huge" foreign funds, including those managed by George Soros, the US financier, for allegedly shifting their focus from attacking currencies to manipulating the local equity market by short-selling – the sale of a stock not owned in anticipation of buying it back later at a cheaper price.

He said short-selling on a large scale was an abuse, "akin to insider-trading", and should be made illegal.

Brokers in Kuala Lumpur said there was evidence of heavy institutional buying about 15 minutes before the close of trade yesterday. The main Kuala Lumpur Composite Index closed down 4.22 per cent, at a four-year low. It had been down more than 8 per cent before the institutional buying spurt.

Nervousness spilled over into the foreign exchange market, sending the ringgit to a new low. It hit M$2.8920 at one point but recovered slightly to M$2.8840 in late trade against M$2.8230 on Wednesday.

The disarray in Malaysia contributed to a deterioration of confidence throughout the region. The Philippine peso recovered from opening lows after central bank intervention. The Manila share index lost 9.28 per cent, its biggest drop in a decade, following the release of disappointing growth figures.

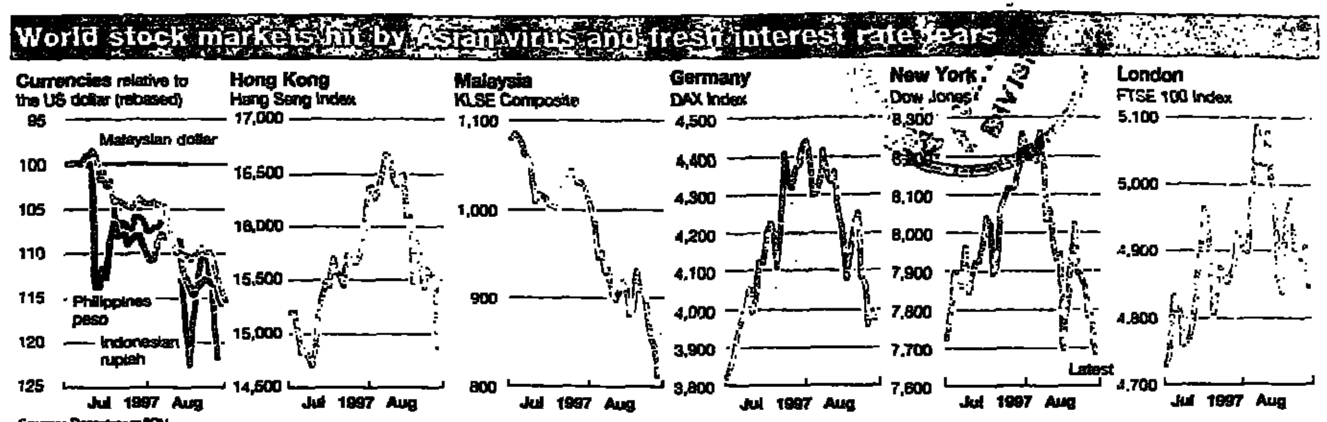
Hong Kong's stock market has remained relatively insulated from the region's problems, but yesterday it fell 4.23 per cent and is now back to levels last seen before the July 1 hand-over of the territory to China. Although authorities have defeated occasional speculative attacks against the Hong Kong dollar, concerns remain that interest rates will be forced higher in defence of the currency.

Investment analysts predicted continued volatility in Hong Kong and said an outflow of funds from the region would hit the territory's markets. "Fund managers seem anxious to get out of Asia and they also need funds to cover losses they have sustained. Either way Hong Kong gets hit," said one fund manager.

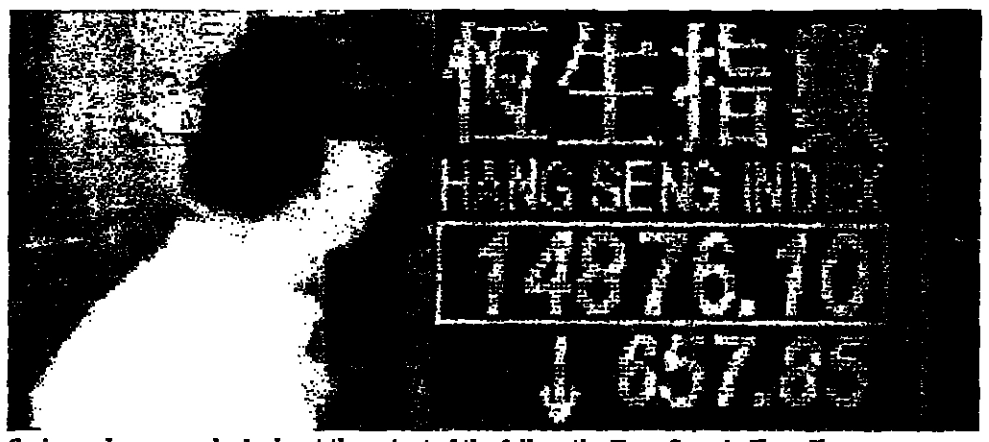
In Thailand, the baht tumbled to a new low of Bt34.40 before recovering to Bt34.

Singapore shares fell to a new 1997 low, with the Straits Times Index off 3.62 per cent.

World stock markets hit by Asian virus and fresh interest rate fears



Source: Datastream/ICV



Seeing red: a passer-by looks at the extent of the fall on the Hang Seng in Hong Kong Picture: Reuters

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Roche shares fall as drug launch is delayed

By William Hall in Zurich and Mark Suzman in Washington

Shares in Roche, the Swiss pharmaceuticals group, fell more than 5 per cent yesterday after it decided to withdraw its application to launch an anti-obesity drug in the US.

Roche said it was withdrawing its application in the US for Xenical, which aids weight loss, after the Food and Drug Administration asked for further information on the drug. Roche did not have sufficient time to provide the information under the FDA's fast-track drug approval system.

The announcement comes a day after the FDA warned that several existing diet drugs in the US market could cause side-effects ranging from lung disorders to heart disease, and called on manufacturers to add new warnings to labels.

Xenical is the first of a new class of anti-obesity drugs that prevent the absorption of fat. Americans spend about $30bn a year on weight-loss programmes and pills. Several analysts had predicted that Xenical could achieve sales of more than $1bn a year. It is the best-known of a series of new drugs that Roche plans to launch to reinvigorate its flagging sales growth.

In May the FDA's advisory panel unanimously recommended the approval of the drug, and Roche had hired hundreds of salespeople.

The FDA has asked for further information on breast cancer cases observed in clinical trials. Roche says there is no association between Xenical and breast cancer, and that its drug has an important role to play in the management of obesity.

Roche said it was not unknown for the FDA to overrule its advisory committee's

Continued on Page 14

UK regulator fines SBC $782,000

By Jane Martinson in London

Swiss Bank Corporation, the investment bank, was fined a total of £480,000 ($782,000) yesterday by a London financial regulator for two instances of improper conduct.

The bank was severely reprimanded by the Securities and Futures Authority and fined £300,000, the largest fine imposed by the regulator, for failing to observe correct procedures during share transactions in UK regional electricity companies three years ago.

These transactions were carried out by the investment banking division of SBC before the bank acquired SG Warburg in 1995.

The bank's actions in buying shares in electricity companies provoked a controversy at the time. Rival investment banks suggested its purchase of shares in Yorkshire Electricity could be linked to the bid for Northern Electric by Trafalgar House, which it was advising.

SBC was also fined £180,000 for its actions during the liquidation of Kleinwort European Privatisation Investment Trust earlier this year and ordered to pay total costs of £176,095.

Richard Farrant, SFA chief executive, said: "Managing and controlling different parts of an integrated investment house in order to ensure fair treatment of clients and other market participants is challenging. SBC failed the test."

Mr Farrant said SBC had committed a "serious offence". It had allowed its market makers to build up an 8.2 per cent stake in Yorkshire Electricity after the traders had rightly guessed that the bank's corporate finance department was working with a client who was interested in making a bid for Yorkshire.

In the event, a bid for Yorkshire was not launched until earlier this year. However, SBC was working with at least two corporate clients in the electricity sector at the time and it subsequently acted for Trafalgar House in its ultimately unsuccessful bid for Northern Electric.

SBC said yesterday: "Our reputation is everything and something like this isn't helpful, but we do hope people will see it for what it is – a breach of procedures and not something more sinister than that."

The bank was criticised by the SFA for the way in which compliance officers contacted market makers, a move which may have prompted them to guess at the bank's involvement in bid activity.

In the KEPIT case, the SFA found that SBC "failed to supervise its traders who, in the heat of the moment, drove down share prices without regard for the interests of their client or the markets".

Lex, Page 14

Nippon Credit to cut bank staff by nearly one third

By Gillian Tett in Tokyo

Nippon Credit Bank plans to cut its staff by nearly a third in the next two years – from 2,900 to 2,000. The cuts mark the first large job reductions ever seen at a leading Japanese bank.

They come amid growing expectations that Japan's plans for "big bang" financial deregulation may usher in other job reductions in the country's financial sector, which has hitherto been reluctant to cut employee numbers.

NCB, the smallest of Japan's long-term credit banks, incurred a Y285bn ($2.4bn) net loss in the 1996 fiscal year, partly as a result of huge property-related losses after the collapse of the 1980's bubble. The losses forced the government to help bail out the bank by organising an emergency recapitalisation scheme.

Shigeoki Togo, a former Bank of Japan official who has been appointed NCB president, yesterday insisted that the group's underlying business was picking up. In the first half of the 1997 fiscal year, the bank was likely to record an operating profit of about Y50bn when it posted its results in the autumn. That compares with an initial forecast of Y35bn made by the bank for the period.

The better-than-expected performance was due to Japanese interest rates remaining low, at 0.5 per cent. NCB – like other banks – had previously assumed they would rise to 1.5 per cent by next spring.

Mr Togo admitted the bank was continuing to discover new bad loans in its portfolio, partly as a result of recent corporate collapses in the construction sector. In the last fiscal year, the bank wrote off some Y484bn of bad loans – leaving it with some Y1,262bn worth of problem loans.

In the short term, some analysts fear the group could face a funding squeeze, and, although NCB is trying to shrink its assets, progress remains patchy.

The bad loans now being discovered were likely to be less than Y100bn, and could be dealt with out of the banks' operating profits and reserves, said Mr Togo. NCB's total exposure to the construction sector was about Y280bn, he

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Grasping the nettle, Page 17

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*From 1st May 1997.

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Enrico Mattei: killed in 1962 when his jet crashed

Mystery of Eni founder's death unfolds

By Paul Betts in Milan

The 35-year-old mystery surrounding the death of Enrico Mattei, founder and chairman of Italy's Eni oil and gas group, is finally about to be resolved.

Italian magistrates said yesterday they expected to disclose in one or two months' time the findings of the latest investigation into the death of Italy's most powerful post-war industrialist, killed when his private jet crashed on its approach to Milan on October 27 1962.

They refused to comment on a leak in the Turin newspaper La Stampa yesterday, claiming their report showed a bomb had caused the crash. Immediately after the crash, there was speculation that Mattei had been assassinated because he had become an uncomfortably powerful figure both in Italy and for the international oil industry, then dominated by the so-called "Seven Sisters" – the big international oil groups.

The "Mattei affair" has been one of the "causes célèbres" of post-war Italian history, the subject of films and several books. Mattei's rise to fame followed his discovery shortly after the war of large gas resources in the Po valley.

He subsequently became a thorn for the large integrated international oil companies by attempting to break their cartel, negotiating contracts with oil-producing developing countries and developing relations with Arab producers.

However, after 12 years of investigations, the judicial authorities decided to shelve the case on the grounds that they had not found sufficient evidence to prove that the aircraft had been sabotaged. Then three years ago, Tommaso Buscetta, one of the first mafia members to turn state's evidence, declared that Mattei had been killed by the Sicilian mafia as a favour to "American friends".

The judiciary decided to reopen the case, and two years ago ordered the exhumation of Mattei's corpse. Since then, experts have examined his remains and, according to La Stampa, discovered fragments of metal indicating that an explosion had taken place on board.

Mattei's family have claimed for years that the aircraft was sabotaged and did not crash because of pilot error.

Should the official report of the investigation find there was sabotage the "Mattei affair" will finally be put to rest, confirming all the worst suspicions of an international plot to remove an architect of Italy's post-war reconstruction.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.
© The Financial Times Limited 1997.
Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL
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Jospin, Kohl agree on vital aspects of move to monetary union by planned date

Boost for Franco-German ties

By Peter Norman in Bonn

The Franco-German partnership, the motor of European integration, received a shot in the arm yesterday when Lionel Jospin, France's recently elected socialist prime minister, made his first working visit to Bonn.

Two hours of talks ended with Germany proclaiming that Mr Jospin and Helmut Kohl, the German chancellor, were in agreement on important aspects of moving to economic and monetary union by the planned date of January 1 1999.

A Bonn government statement said the two leaders had agreed to harness the close partnership between their countries to give a further boost to European integration.

Mr Kohl and Mr Jospin had underscored their conviction that "the introduction of a stable euro in line with the timetable of the Maastricht Treaty and in strict observance of the stability criteria is essential for Europe's future and its economic competitiveness", the statement said.

Germany and France were "committed without reservation" to the agreements for European monetary union (Emu) and would each "do everything" to meet the conditions for introducing the planned single currency, it added.

The statement and the news that the talks had taken place in an "especially friendly atmosphere" appeared to put back on track a relationship that was under considerable strain in the immediate aftermath of Mr Jospin's surprise election victory on June 1.

Encounters in June between Mr Kohl's government and the French socialist administration in Poitiers, and at the European Union summit in Amsterdam, had prompted fears in Bonn that the Franco-German partnership could be seriously weakened, with France seeking more expansionary economic policies in Europe.

Since then, the German government has looked favourably at the policies of Dominique Strauss-Kahn, French economics and finance minister, to prepare France for the euro. Mr Kohl has publicly expressed a high regard for Mr Jospin too.

Yesterday, the two stressed France and Germany should intensify their good co-operation on bilateral issues and closely co-ordinate their actions "on all important questions".

How far the improved atmosphere between Bonn and Paris translates into action will be clearer at the next Franco-German summit, in Weimar in mid-September. The two leaders discussed the forthcoming talks and the special European employment summit, a meeting of importance to France, to be held in Luxembourg in November.

Waigel renews pledge to cut subsidies

By Peter Norman

Germany, criticised last year as Europe's "champion subsidiser" by the European Commission, yesterday pledged renewed efforts to cut government subsidies after a new report pointed to a further increase over the past two years.

"Cutting subsidies is a permanent obligation. It will be continued in the years ahead," declared Theo Waigel, finance minister.

The government's latest subsidy report predicted that total subsidies and tax breaks provided by Germany's federal, state and local authorities as well as through the European Union would increase to DM115.2bn ($63.6bn) this year from DM108.3bn in 1995, when the last subsidy report was published.

Mr Waigel claimed a partial success in reducing federal subsidies. These rose from DM36.2bn in 1995 to DM42bn in 1996, but the increase was more than accounted for by the transfer from consumers' electricity bills to the federal budget of DM7.5bn used to support the use of coal in power generation.

The minister predicted that a fall of about DM4bn in other Bonn government subsidies by 1998 would limit federal subsidies to about DM39bn next year.

The subsidy report was the main item discussed by the Bonn cabinet, which met yesterday for the first time since the political wrangling triggered by Mr Waigel's calls for a cabinet reshuffle to revitalise the government and the blunt rejection of the idea by Helmut Kohl, the chancellor.

After a long private meeting in which the two men agreed to paper over their differences, the government made an ostentatious display of a new-found determination to put controversy behind it and deal with policy issues. Television cameras recorded a cheery Mr Kohl opening yesterday's cabinet discussions after Peter Hintze, general secretary of the chancellor's Christian Democratic Union, had reported that the CDU and Mr Waigel's Christian Social Union would be "shoulder to shoulder" in the political struggles ahead.

However, the subsidy report was a reminder of the slow progress being made by the German government in streamlining the economy and in reducing the influence of the state over economic affairs.

Russia's teachers find their salvation in 'privatisation'

A spontaneous initiative is quietly reshaping the state and society, **Chrystia Freeland** reports from Tula, south of Moscow

After working for nearly four months without pay earlier this year, the schoolteachers of Tula, a sleepy provincial town south of Moscow, comforted themselves with a joke:

Boris Yeltsin, the Russian president, turns to his Kremlin advisers in amazement: "You know, we haven't paid wages in months, sometimes we even turn off the heat and electricity, but, incredibly, our teachers and doctors keep on coming to work".

His entourage ponder for a moment and then Anatoly Chubais, the hard-headed mastermind of Russian economic reforms, comes up with a suggestion: "Perhaps we should charge them admission."

Tamara Yurishcheva, headmistress of Tula's Middle School Number 3, chuckled as she told what is clearly a beloved anecdote.

But she and her teachers turned more serious when they described the difficulties of educating 1,000 children at a time of severely strained public finances.

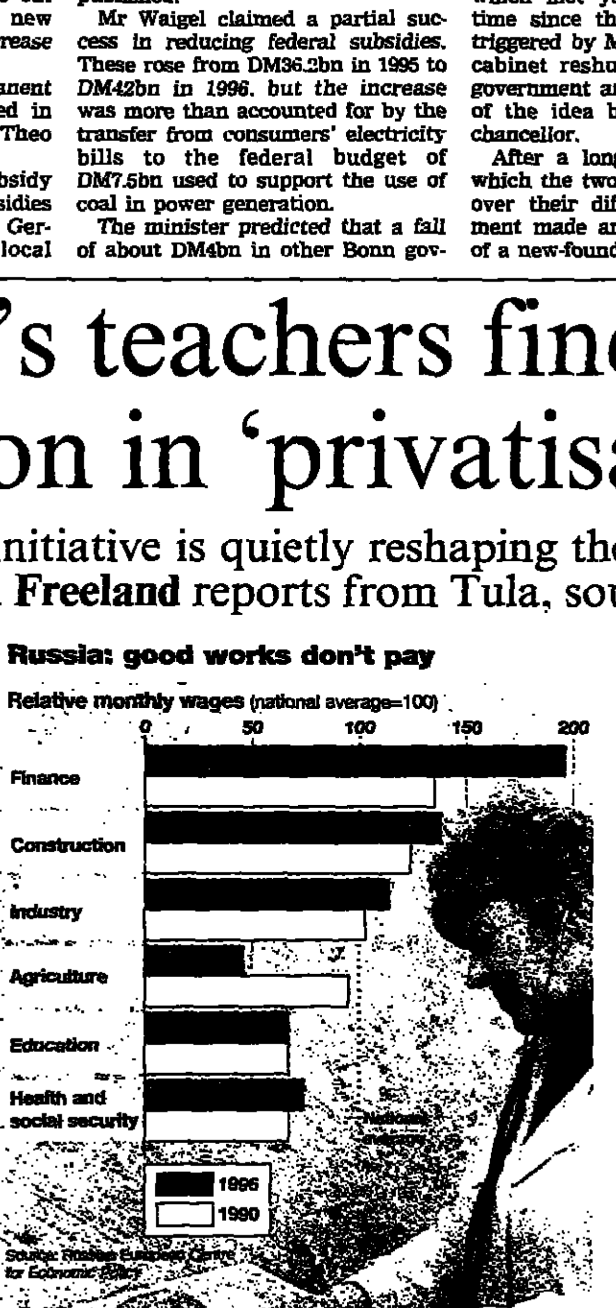
"It is so difficult, the teachers here are always running around thinking about second, third or fourth jobs – running to the dacha to grow potatoes or, if you're lucky enough to have a Lada, working as a gypsy cab [private taxi] at night," said Ekaterina, a teacher in her twenties.

Low rates of tax collection, combined with the Kremlin's determination to hold down inflation and the budget deficit, have led to deep underfinancing of the state sector. Education and health care have been hard hit, with teachers and doctors across Russia complaining of months of unpaid wages and a shortage of vital supplies, including medicines.

"I sometimes feel as though I do not live in a real country but on some isolated desert island, where I have no support from outside, and every day I must dream up new ways to support myself and my teachers," Ms Yurishcheva, a dynamic blonde matriarch, said.

Yet remarkably, she is surviving, and even prospering.

Russia: good works don't pay



As the government's support for social services withers, teachers and doctors such as Ms Yurishcheva are finding other ways to get by.

One source of salvation is the private sector. In contrast with Russia's much-heralded mass privatisation of nearly 18,000 medium-sized and large industrial enterprises, the state's retreat from social services is largely unofficial. But in towns and cities throughout Russia, the spontaneous privatisation of nominally public services is quietly reshaping both state and society.

At Middle School Number 3, for example, 20 per cent of the students attend elite "paid" classes, where, for a fee, teachers in a state-owned school offer a privileged educational track.

Parents pay Rbs290,000 ($49.70) a month – more than the starting salary for new teachers at the school – for extra classes which include logic, rhetoric and etiquette, along with superior school lunches and special excursions. Because of parental contributions, teachers earn double their usual wage.

Particularly wealthy parents offer more substantial support. Even well heeled Russians tend still to place their faith in state schools, with their rigorous Soviet educational tradition.

> 'It is so difficult – teachers are running around thinking about second or third or fourth jobs'

However, reluctant to send their children to classrooms with crumbling paint or rotting desks, many of Russia's *nouveaux riches* have taken to sponsoring these schools. Middle School Number 3's biggest benefactor is the Tula vodka distillery.

Privatisation by stealth is also under way at Hospital Number 5, a 200-bed institution surrounded by weather-beaten wooden cottages and wild jumbles of vegetation on the outskirts of Tula. According to Leonid Vaslavsky, the chief doctor, about 10 per cent of this state hospital's patients are clients of private medical insurance plans.

Since the arrival of a team of new reformist ministers last spring, the government has made it a priority to revive Russia's depleted state. The authorities astounded the nation by keeping a promise to repay pension arrears by July 1; at a Kremlin meeting yesterday, Mr Yeltsin reiterated his pledge to repay all unpaid wages in the state sector by the end of the year.

But in Tula, officials say that second promise has not yet made a difference. "Our region does not yet feel the federal government's effort to pay wages," said Alexander Fedotov, deputy head of the city administration. "Our region is primarily a defence economy and we have suffered a great industrial decline. Many factories do not pay their taxes on time."

When they do pay, Mr Fedotov says, a quarter of the time it is not with cash, but with a ramshackle variety of their products, ranging from cabbage to diesel engines. This barter taxation further drains the resources of the local government.

Until it can, the schools and hospitals in Tula, and in hundreds of similar towns, are likely to continue resorting to spontaneous privatisation. They will also probably be sustained by the sheer grit which has long been part of the Russian character.

"This is the uniqueness of our society," Ms Yurishcheva said of her teachers who keep on coming to work even when their $60 monthly salaries have not been paid for nearly half a year. "We see wages as somehow ephemeral. The main thing is to do your duty to the collective."

Tietmeyer in wages call to unions

By Andrew Fisher in Frankfurt

Hans Tietmeyer, president of the Bundesbank, called on German trade unions to consider the plight of the jobless as well as the interests of the employed in the next wage round, to help curb inflation and improve the labour market.

Noting that prolonged economic growth in the US had not led to wage increase rates that exceeded productivity, he cited the view of Alan Greenspan, chairman of the US Federal Reserve, that this reflected both technological progress and job insecurity.

"This insecurity over jobs has meant that labour has been rather restrained in its demands," he added.

The question now was whether the same would occur in Germany at a time of record unemployment, he declared.

Mr Tietmeyer hoped that wage negotiators would consider not only the "ins" with jobs, but also the unemployed "outs".

His comments reflect the Bundesbank's concern about the rigidity of the German labour market, and lack of reform in other areas such as tax, as well as its hope that inflation can be held in check, in spite of rising import prices.

But the Bundesbank president warned against reading too much into latest import price and inflation figures. Import prices showed a 4.2 per cent annual rise in July, and west German consumer prices were up 2 per cent in August, partly due to higher motor tax, broadcasting fees and health charges.

"We have some concerns in the price area, but we have to be careful about dramatising this," he said.

Against a background of growing financial market expectations of an early interest rate rise, Mr Tietmeyer clearly intended his remarks – made on Wednesday night – to have a dampening effect.

The German central bank would watch price trends very closely, he said. But producer prices were still fairly stable and money supply growth was within the target range. He warned, though, against the belief that inflation was dead – "it's never dead".

He hoped that trade unions, which showed moderation in the last wage round, would do the same in the next one, starting this autumn.

Increased labour market flexibility and more differentiation in pay rises to reflect varying conditions across industry were needed.

"The unions have made a lot of progress – that must be said – but I believe the process will and must go further," he added.

"The process takes time and the next wage round will be important in this respect."

Norway 'insider trade' reprimands

By Tim Burt in Stockholm

Saga Petroleum, Norway's largest independent oil producer, yesterday announced the departure of a technical manager, and said several other employees had been reprimanded after an internal investigation into insider trading.

In the first case of its kind at Saga, the company found that 10 of its employees had acquired shares in Ocean Rig, the Norwegian oil rig manufacturer, using confidential information that it was about to receive a lucrative contract from the oil producer.

Shares in Ocean Rig more than doubled from NKr7 to NKr15 ($1.97) earlier this year after it received a letter of intent in which Saga agreed to charter a new oil platform for up to eight years. The contract, which has yet to be finalised, is thought to be worth about $170,000 a day.

The technical manager agreed to quit after the company discovered that his wife had taken advantage of inside information to acquire Ocean Rig shares. Six other Saga employees have been formally reprimanded.

"The employees exercised poor judgment by placing themselves in a position that could cause speculation about a conflict of interest," the company said.

Officials added that Saga was considering introducing more stringent rules governing share purchases to avoid further breaches of company policy.

The move follows a six-week internal investigation into share dealings in Ocean Rig, expected to begin work on the new Saga platform at a yard in China later this year.

In spite of the resignation and employee warnings, Saga maintained that the share purchases did not have any influence on awarding the contract to Ocean Rig.

Shares in Saga Petroleum's most traded A shares yesterday closed up NKr2 at NKr156.50, while shares in Ocean Rig closed up NKr0.60 at NKr16.20.

EUROPEAN NEWS DIGEST

Sterilisation row intensifies

The controversy in Sweden over the forced sterilisation of up to 60,000 women intensified yesterday when the government disclosed that it had paid compensation to only 16 victims in the past 10 years.

Margot Wallstrom, the country's social affairs minister, admitted that those who received compensation were paid a relatively modest SKr50,000 each ($6,289), and most who applied for financial redress were refused.

Ms Wallstrom, announcing a commission of inquiry into the sterilisation programme, said the government regretted the "terrible losses and cruelty" inflicted under the 40-year social engineering scheme. She vowed that the commission, expected to sit one and a half years, would not be subject to any financial constraints on the amount of compensation that it distributed.

The government has blamed the programme – in which women of supposed inferior race or intellect were sterilised – on nationalistic policies which gained popularity during the 1930s. *Tim Burt*

■ KIRCH TAX INVESTIGATION

State prosecutor denies bias

Munich's state prosecutor's office yesterday denied claims by Kirch Group, one of Germany's biggest media groups, that it had leaked details of an investigation into the privately held company for alleged tax evasion. Manfred Wick, senior state prosecutor, said laws governing tax secrecy had been observed and that no details of the investigation, which led to police raids on 12 homes in Switzerland last week, had been passed to the press.

In a statement earlier this week, Kirch said that the state prosecutor's office was operating in a biased manner. The statement was issued after it emerged that the state prosecutor's office had been investigating Kirch for over a year over allegations of having evaded taxes due on the sale in 1990 of the rights to a package of films to MH Medien-Handel, a Swiss company controlled by Otto Beisheim, a German retailing magnate. Kirch also denied press reports that it was a shareholder in MH Medien-Handel. *Frederick Stüdemann, Berlin*

Pay TV deal, Page 18

■ FLOOD REPAIRS

Loans for Czechs and Poles

The European Bank for Reconstruction and Development has offered loans totalling Ecu100m ($108.2m) to finance reconstruction work in Czech and Polish cities damaged by recent severe flooding.

It has reached agreement in principle on making an Ecu35m loan to Wroclaw in southern Poland and is in discussions with local officials in the Czech city of Ostrava and the surrounding region. The loan to Wroclaw will be made without a state guarantee, in order to minimise increases in the Polish national debt.

Serious damage to municipal services has created an urgent need to ensure that drinking water supplies remain safe, that heating services can be restored before winter, and that tram and bus services can be restarted in the centre of Wroclaw.

The recent floods in the Oder valley of eastern Germany cost slightly more than DM500m ($271m), with more than half reflecting damage to roads and dykes. Manfred Kanther, German interior minister, said the costs would have been far greater without successful emergency action which prevented flooding north of Frankfurt an der Oder. *Kevin Done, London and Peter Norman, Bonn*

■ SWITZERLAND

'Too many teachers overpaid'

Switzerland, which prides itself on having one of the world's best education systems, has been accused of having too many overpaid teachers and investing too much in school buildings.

The Paris-based Organisation for Economic Co-operation and Development (OECD), in its latest country report on Switzerland, says that the Swiss education and training system has an "enviable record of success", but its main weakness is that it is "very expensive". Switzerland spends almost 6 per cent of its gross domestic product on education and training. The OECD estimates that, as the Swiss figures do not include private expenditure, Switzerland probably spends more on its students than any other OECD country. However, there is "little evidence that all this expenditure is essential to achieve the favourable results."

Switzerland's budget deficit is projected to decline from SFr5.8bn ($3.8bn) in 1997, or 1.6 per cent of GDP, to SFr4.8bn, or 1.2 per cent, in 2000. The OECD says that this rate of reduction falls well short of what is required to halt the rise in the Swiss confederation's indebtedness as a percentage of GDP. *William Hall, Zurich*

■ PRESIDENTIAL PROMISE

Belarus to release journalists

A long-running crisis between Russia and Belarus over a group of arrested journalists seemed to be drawing to a close yesterday, after a conversation between the presidents of the two countries.

Boris Yeltsin, the Russian president, said that Alexander Lukashenko, the Belarusan leader, had promised to free the remaining two journalists over the next few days. "He may need one or two days to tackle legal issues, and then he will let them go," said Mr Yeltsin. Over the past few weeks, seven journalists employed by ORT, a state-owned Russian television station, have been arrested on the border between Russia and Belarus. Five of them, who were Russian citizens, have been released, but Moscow is pressing for the liberation of the two others. *Chrystia Freeland, Moscow*

■ EBRD

Income more than doubled

The European Bank for Reconstruction and Development more than doubled its operating income before provisions in the first half of the year to Ecu104.9m ($113.5m) from Ecu45m a year ago, helped by a sharp increase in profits from the sale of equity investments. Bart le Blanc, vice-president for finance, said that the net profit for the full year would be in excess of Ecu30m, well ahead of the bank's earlier forecasts.

Mr le Blanc said that Ecu63.5m had been realised from equity sales in the first six months – mainly in Poland, Hungary, the Czech Republic and the Baltic states – compared with Ecu8.7m in the whole of 1996 and Ecu38m in 1995. Its core banking business performed strongly in the second quarter, helping it to achieve a net profit of Ecu21m compared with a Ecu7.9m loss in the first quarter of 1997. *Kevin Done, East Europe Correspondent*

■ NETHERLANDS

Swine fever hampers economy

The Dutch economy grew at 2.8 per cent in the second quarter, held back by a swine fever epidemic which clipped some Fl 1bn ($490m) or 0.6 of a percentage point, off gross domestic product. While the preliminary growth figure failed to maintain the rates of above 3 per cent seen last year, it picked up from the 2.1 per cent recorded for the first three months of 1997 as a mass slaughter of pigs began in February. Seasonally adjusted growth was 1 per cent quarter on quarter. *Gordon Cramb, Amsterdam*

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NEWS: THE AMERICAS

Pressure grows on Fed to increase rates

Exports steer US to robust growth

By Nancy Dunne in Washington

The US economy grew at a robust annual rate of 3.6 per cent during the second quarter, the US Commerce Department said yesterday, raising its original estimate from 2.2 per cent and sending the jittery stock market plunging in early trading.

Most of the increase – the largest revision in 3½ years – was due to stronger than expected exports and high inventories. Most economists had predicted the rise, which pushes growth for the first half to a hefty 4.3 per cent.

The economy, however, is expected to slow in the second half of the year, as businesses work off the $77.7bn inventory accumulation. Pressure will be on the Federal Reserve to abandon its "wait and see" stance and raise interest rates when its policymaking board next meets at the end of September.

In its Global Data Watch report, J.P. Morgan said the Fed's current views were based on the theory that growth was moderating, an interpretation now under challenge.

"July retail and auto sales have recorded strong increases, indicating that consumer spending – the one sector that did take a dip last spring – is reviving," it said.

"Inflation readings remain subdued, of course, but the Teamsters' victory on most points of contention with the UPS management is a sign that tight labour markets are shifting the balance towards bigger wage gains."

Morgan Stanley Dean Witter is predicting "a solid rebound" in consumer spending in the third quarter, even though the inventory increase will subtract nearly a full percentage point from gross domestic product. It is forecasting 3.7 per cent growth in the current quarter.

Some economists are now arguing that the economy can grow faster than in the past without reigniting inflation because imports moderate prices and job cuts have curtailed high wage demands.

"Despite strong growth, the inflation rate, as measured by the GDP price deflator, is at a 30-year low," said EcoFax, a Deutsche Morgan Grenfell analysis. "Strong growth and low inflation can co-exist."

Consumption, the largest component of GDP, was revised from 0.8 per cent to 1 per cent. But this was a steep drop from 5.3 per cent in the first quarter.

Equipment spending was the next biggest contributor to the revision as sales of computers, telephones and other high-technology items soared at an annual rate of 24 per cent.

The strength of exports owes much to civilian aircraft sales, which are traditionally volatile. Imports were revised down from the previous estimate, advancing by 29.9 per cent instead of 21.8 per cent.

Venezuela to get its fill of petrol

Raymond Colitt on plans to open the domestic-retail market to competition

Dressed in her red and blue uniform, the attendant at a recently remodelled state-owned petrol station smiled: "Thank you and have a nice day." Such friendliness and quick service are a novelty to most Venezuelan motorists, accustomed to sombre-faced, indifferent attendants at grimy, run-down petrol stations.

One by one the petrol stations owned by the state Petróleos de Venezuela (PDVSA) are being revamped in preparation for the opening of the domestic petrol market to foreign competition. Clean restrooms, mini-markets with late opening hours, and stepped-up security measures are already attracting customers in a country used to cheap fuel but poor service.

Under a legislative proposal before Congress the state will relinquish its 20-year monopoly on the domestic oil "derivatives" market and eventually liberalise retail petrol prices. Demand is such that the number of petrol stations could double.

Despite a tenfold average increase last year, Venezuela's petrol prices are still among the world's lowest at 70 bolivars ($0.14) per litre, less than the price of a bottle of water.

"We are seeking to open completely the oil derivatives [retail] market to individuals," says Evenán Romero, vice minister of energy, "allowing any company [to operate] without restriction of nationality".

The legislative proposal calls for a 12-month transition phase before retail prices are fully liberalised and wholesale prices set at the same level as the export price.

The opening of the domestic derivatives market will prompt less investment than the tens of billions of dollars of foreign capital flowing into exploration and production of crude oil. Yet with nearly one vehicle for every other Venezuelan, it is a steady market with high visibility.

Several foreign companies are already selling motor oil in Venezuela following the liberalisation of motor oil prices two years ago. Forty per cent of motor oil sales are made through petrol stations.

Small margins on the retail sale of petrol, currently fixed at 6.5 per cent, have led to a deterioration of service at the vast majority of petrol stations, which operate under licence from PDVSA.

According to Edgar Parra, vice-president of fuels at Deltaven, the newly formed PDVSA subsidiary charged with marketing 100 oil derivative products, Venezuela is short of about 1,500 petrol stations.

To get a head start on the competition, Deltaven earlier this year introduced its new brand name and logo and hopes to modernise nearly half its petrol stations before the end of the year.

The vast majority of the country's 1,580 petrol stations are privately owned Deltaven franchises, licensed by the ministry of energy and mines. These will be able to chose whether to continue with Deltaven, switch to another brand or work as an independent.

Most customers are enjoying the improved service, while others say it comes with a hefty price tag in the long run; applying free-market reforms and opening the sector to private participation has put an end to subsidised fuel.

"I like the smile but I prefer the cheap fuel," said one customer.

Colombia suspends radio contract awards

Colombia's attorney-general, Jaime Bernal, has suspended the process to award 81 FM radio concessions following the resignation last week of two ministers recorded discussing the contracts, writes Sarita Kendall in Bogotá.

Individual contracts may be cancelled if irregularities are found. Alternatively the whole process could be annulled. Saulo Arboleda, former minister of communications, and Rodrigo Villamizar, energy minister, are being investigated following a conversation in which they discussed using their influence to ensure the concessions were awarded to friends and government supporters.

● Colombia's gross domestic product grew by just over 3 per cent in the second quarter, Reuters reports from Bogotá.

The return to growth follows declines in the last quarter of 1996 and the first period of 1997, the first back-to-back contraction in GDP growth in decades.

Strong growth in volatile coffee earnings, which rose 20.5 per cent over the same period last year, helped fuel the second-quarter figure. Other key sectors, including the financial industry, posted flat or negative growth.

Many analysts have predicted GDP will grow no more than 2 per cent this year, but the government is confident the country can achieve about 3 per cent growth.

Menem resorts to decree over airports bid

By Ken Warn in Buenos Aires

Menem: kickstarting sale

President Carlos Menem of Argentina has signed an emergency decree to force through the sale of a concession to run the country's airports. The decree, signed on Wednesday night, reflects mounting government frustration at legal obstacles to the sale, originally due to be concluded next month.

The government is selling a single 30-year concession to run at least 30 airports, including Buenos Aires' investment-starved Ezeiza international and Aeroparque domestic airports. It hopes the winning bidder will invest more than $1bn in infrastructure improvements over the lifetime of the concession, with up to half the spending front-loaded into the first five years. It is also hoping to secure annual royalty payments of $40m-$50m.

The original decree to sell the concession, issued in April, was declared unconstitutional by a lower court in July. The government in turn appealed to the supreme court, but has resorted to a decree of "urgency and necessity", the most forceful legal instrument at its disposal, to kick-start the sale. It now hopes to choose the winning bidder by the end of November.

The move comes against a background of growing concern over air safety in Argentina. The air force, which has nationwide responsibility for air traffic control, this week removed the head of its north-eastern region and other officials after errors by controllers were blamed for a series of near-miss incidents involving five passenger aircraft.

The Argentine Airline Pilots Association has repeatedly denounced what it says are serious equipment and infrastructure inadequacies at the country's airports.

Passenger facilities are also in need of updating as air traffic mounts. "Ezeiza is an airport out of the 1940s," said Christopher Ecclestone of brokers Interacciones. "It's in bad shape. Ideally a completely new terminal needs to be built."

The government's resort to the use of decrees has become one of the most controversial issues of Mr Menem's term of office, leading to repeated clashes with the courts. The supreme court was yesterday debating a decree signed by Mr Menem in January to restructure Argentina's telephone tariffs.

The decree provided for sharp rises in the cost of local calls and reductions in international charges to bring rates more into line with international norms.

Kennedy donations admitted

Michael Brown, the son of Ron Brown, the late US commerce secretary, yesterday admitted making illegal campaign donations in the 1994 campaign to re-elect Edward Kennedy, the Democratic senator from Massachusetts, writes Mark Suzman in Washington.

Mr Brown said he had persuaded three friends to give a total of $4,000 to Mr Kennedy's campaign and then reimbursed them with money obtained from two Democratic fundraisers, even though he had already exceeded his personal donation limit of $2,000.

The matter had been investigated by an independent counsel probing the financial dealings carried out by Mr Brown's father before his death in an air crash last year.

Mr Brown agreed to plead guilty to the charges in exchange for an agreement by prosecutors not to seek a prison sentence.

Haitian nominee rejected

Rene Preval, president of Haiti, has started a new search for a prime minister, following parliament's rejection of his nominee, Ericq Pierre, writes Canute James in Kingston.

Mr Pierre, a 52-year-old banker, had been proposed to replace Rosny Smarth, who resigned last month after attacks on his economic policies.

The rejection has compounded problems for Mr Preval's administration, which has been crippled for the past two months by its inability to implement controversial economic reforms. The nomination foundered on Mr Pierre's promise to implement the economic reforms, including privatisation of state enterprises.

The latest setback means a further delay in the disbursement of hundreds of millions of dollars promised by foreign donors and creditors, and which Haiti desperately needs.

NEWS: INTERNATIONAL

The fraternal thorn in Arafat's side

The Palestinian leader and Hamas are avoiding direct confrontation, writes Judy Dempsey

Abdel-Aziz Rantisi is one of those Palestinians Israel would love to see Yassir Arafat's Palestinian Authority (PA) place under arrest.

Founder of the radical Islamist movement Hamas, and now leader of its political wing, the Islamic Resistance Movement, Mr Rantisi defends the recent double suicide-bomb attack on a Jerusalem market which killed 16. "It was against the occupiers of our country," he says.

But Mr Rantisi is not about to do anything to provoke Mr Arafat, and neither is Mr Arafat prepared to appease the Israelis by arresting him. Moreover, neither Israeli nor Palestinian security forces have identified the bombers or confirmed the authenticity of Hamas-signed leaflets claiming responsibility.

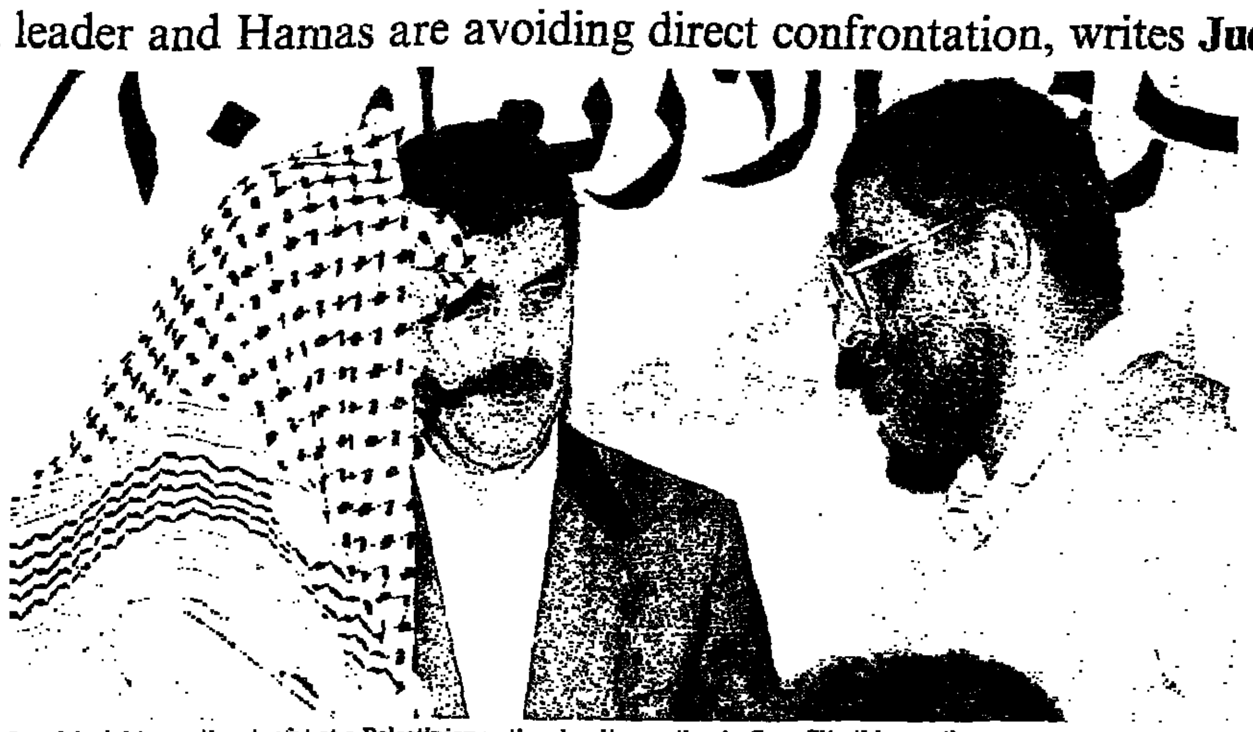
Mr Rantisi's views on Israel have hardened over the years since he founded Hamas in 1987. Along with 412 other Hamas supporters, he was deported to the south Lebanese border in 1992 and later held for more than three years in Israeli administrative detention.

On his release three months ago, after the Israelis failed to find a direct link between the political and military wings of Hamas, he returned to Gaza where both Palestinian and Israeli security forces can monitor his activities. These, Mr Rantisi says, have been focused on attracting new members "to continue the struggle".

Yet even a hardliner like Mr Rantisi avoids open confrontation with Yassir Arafat, president of the Palestinian Authority. "We want to co-operate with Arafat but not under the umbrella of [the] Oslo [accords]" which granted limited autonomy to the self-ruled Palestinian areas.

Under pressure from the US and Israel, Mr Arafat has been pressed to crack down on Hamas. But, anxious to avoid confrontation and a further erosion of his support, he has not bowed to Israel's demands to carry out mass arrests. Meanwhile, the military wing of Hamas – which Mr Rantisi says is completely separate from the political wing – has cells inside Palestinian-controlled territories and outside the region, especially in Jordan.

"Arafat is extremely vulnerable now," said Mr Khalil Shikaki from the Nablus Centre for Palestine Research and Studies, an independent think-tank. "He is desperately trying to rally support. He cannot deliver on the peace process. The Israelis are pushing him into a corner even though he is the only partner they have."



Rantisi, right, greeting Arafat at a Palestinian national unity meeting in Gaza City this month

Mr Arafat's need to galvanise his support is urgent. Fatah, the largest faction in the Palestine Liberation Organisation, last month challenged the PA, giving it one more chance to make the peace process work.

"There is no consensus among the Palestinians," said Saeb Erekat, the Palestinian chief negotiator. "Arafat is trying to forge one. It is not easy for him to do so when the peace process gives us nothing. It fuels the extremists on both sides."

Of even more concern among the pragmatists who believe negotiations must prevail over violence is that civil war within Palestinian-controlled areas could erupt if the peace process does not produce results. This explains why both Hamas and Fatah are reluctant to confront the PA openly as much as Mr Arafat is reluctant to confront Hamas head on. Both sides recognise the possibility of civil war among Palestinians as much as the need to have some united front against the Israelis.

"The PA are our brothers. We want to avoid a confrontation," says Mr Rantisi.

Unity considerations aside, Mr Shikaki says any sustained crackdown on Hamas by Mr Arafat would strengthen the movement but weaken him, particularly since Hamas is becoming stronger politically and socially.

It made large gains in recent university student elections in Hebron, Bir Zeit, Gaza and Bethlehem and it won the Palestinian engineers' union elections. With permission from the PA, Hamas has expanded its (free) welfare services ranging from kindergartens and summer camps to orphanages and clinics.

"This is their biggest strength at the moment," said Mr Khaled Abu Toameh, a writer on Hamas. "The worse the economy becomes as a result of the closures, the greater support Hamas can provide socially and economically. This inevitably spills into political support, although that is hard to gauge."

More moderate Hamas followers say they are unwilling to translate such growing support into outright opposition to the PA. Instead, those grouped around the El Resala newspaper, the Islamist daily edited by Ghizi Hamad, want Mr Arafat to open a dialogue with all the Palestinians.

"He has no option but to go back to the people, consult with them and find out how to stop the Israelis' settlement expansion policy. Arafat's fatal mistake was that he tried to be responsible for the entire peace process while ignoring us," said Mr Hamad.

He and his colleagues believe the PA should go so far as to "rethink Olso – it would not be shameful to do so". But Mr Hamad acknowledged that even if Mr Arafat wanted to, he could not declare the peace process dead. "It would play into the hands of [Benjamin] Netanyahu [Israel's prime minister]."

An Israeli official who has close contacts with Mr Arafat admitted as much. "This government would love Arafat to declare Oslo dead. But he would never say it. It would let Netanyahu, who never supported the accords in the first place, off the hook. But it leaves Arafat in a weak and unenviable position among his people, while the Israelis risk losing their only negotiating partner if the peace process does not move ahead."

Security Council to penalise Angola rebels

By Michael Littlejohns at the UN in New York

The United Nations Security Council last night unanimously adopted tougher sanctions against the Unita movement in Angola in an attempt to force it to honour a commitment to a 1994 peace agreement with the Angolan central government.

The resolution, drafted during private consultations, would not, however, go into effect until September 30, giving Jonas Savimbi, the Unita leader, a last chance to reverse course and revive the peace process.

The measures include an air and travel ban for Unita officials and their immediate families and a demand for the closing of all Unita offices abroad.

In a report to the council on rising tension in the mineral-rich former Portuguese colony, Kofi Annan, UN secretary-general, said the situation was "precarious". It was more critical than at any time since the peace agreement, known as the Lusaka Protocol, was signed three years ago.

Unita has managed to defy arms and oil embargoes which were imposed even before the accord was concluded. It is also suspected of the illicit sale of diamonds, which are mined mainly in an area under Mr Savimbi's control.

Last night's resolution made no mention of the alleged trade, except to make a brief reference to "mining police."

States must also bar all flights from or destined for any place in Angola not registered in a list that the government will supply. Aircraft, parts, maintenance services and insurance would be denied unless government authorised entry points were used.

As with most UN ordered sanctions, exemptions will apply for medical emergencies and transport of medicines, food and other humanitarian material.

UN reports have made clear Unita has dragged its heels in demilitarising, and its radio station, Vorgan, has engaged in a bitter campaign of incitement and provocation against the government.

The resolution, therefore, calls for completion of the demilitarisation and an accounting for troops' strength as well as the transformation of Vorgan into a non-partisan radio station.

Some 2,650 UN peacekeepers will stay in Angola at least until October 31 and the resolution holds out the threats of further sanctions if Unita fails to take "irreversible steps" to meet its peace obligations.

INTERNATIONAL NEWS DIGEST

Moi in talks with the IMF

Kenyan President Daniel arap Moi met an International Monetary Fund mission and World Bank representatives yesterday for talks aimed at restoring a suspended three-year $205m package of soft loans. His talks in Nairobi follow his first meeting with the IMF team on Monday at which he impressed IMF officials with his apparent determination to end official graft and bad government.

"The question is what needs to be done to get the lapsed [loan] back on track," a western diplomat said.

He added that expectations of urgent decisions made at the meeting were too high because in a general election year it was not easy to make dramatic progress on economic issues since "politicians are preoccupied with polls". He said a Moi commitment to cut corruption and improve governance would be seen as more important than setting a date for the resumption of talks between Kenya and the IMF on the loan. *Reuters, Nairobi*

■ ZIMBABWE BUDGET

Veterans win big payout

Zimbabwe's announcement of a substantial payout to veterans of its war of independence has dealt a sharp blow to World Bank hopes that the country was reining in its budget deficit. The payout, announced by President Robert Mugabe, follows weeks of public demonstrations by former fighters against Ian Smith's Rhodesian forces in the 1970s who complain that their interests have been neglected.

The veterans' package includes a host of unpriced benefits including land for resettlement, free health and education for all ex-combatants and their dependants, while pensions of Z$2,000 and one-off gratuity payments of Z$50,000 will be tax-free. Initial estimates put the 1997-98 cost of the package at over Z$6bn, equivalent to 3.5 per cent of 1997-98 gross domestic product. The payout will increase the budget deficit from a forecast 8.9 per cent of GDP to 12.5 per cent. *Tony Hawkins, Harare*

■ ALGERIAN VIOLENCE

Eight killed by Casbah bomb

At least eight Algerians were killed and another 50 wounded yesterday when a bomb exploded in a crowded street in the Casbah, Algiers' old town. The blast, and reports of another 21 people killed in village massacres, brought the death toll this week to more than 200. Yesterday's bomb, near a mosque, was apparently meant to explode in a nearby market but the market's entrance was under surveillance and the bomb was instead left under a car. It was the second bomb explosion in the capital this week. A third bomb was also defused yesterday near another city market. *Roula Khalaf, London*

■ LEBANON CLASHES

Guerrillas kill Israeli troops

Two Israeli troops were killed and four wounded in clashes with Moslem guerrillas in south Lebanon yesterday, pro-Israeli militia sources said. They said Israeli troops were on patrol on the edge of Israel's south Lebanon occupation zone when they were attacked by Moslem guerrillas.

In Beirut, a spokesman for the pro-Iranian Hizbollah said the group's guerrillas clashed with Israeli troops in the al-Hojeir valley hours after Israeli troops fought with guerrillas of the Shi'ite Moslem Amal Movement in the same area. *Reuters, Marjayoun, Lebanon*

NEWS: WORLD TRADE

Northwest accuses US of caving in to Japanese

By Nancy Dunne in Washington

The US and Japan have reached an informal agreement to seek a pact on aviation liberalisation by the end of September.

But behind the scenes Northwest Airlines is waging a furious battle to prevent a deal. It has secured the support of Senator Jesse Helms, the powerful chairman of the Senate Foreign Relations Committee, who has sent observers to this week's Washington talks.

The senator has repeatedly demonstrated the headaches he can cause the administration, most recently in seeking to block the nomination of William Weld, the former Massachusetts governor, as ambassador to Mexico.

However, United Air Lines is optimistic that a agreement is on the horizon. It broke with Northwest after months of negotiations failed to get Tokyo to agree to an "open skies" pact, which would have eliminated restrictions on routes, capacity, pricing and entry.

Instead, along with the transportation department and other US airlines, United is supporting the negotiation of new routes, higher frequency levels, and code sharing. "Since 1952, when we signed the original agreement with Japan, this will be the first time we are looking at the prospect of actually liberalising the agreement instead of making in more restrictive," said Cyril Murphy, United vice president.

"The timing is perfect. Hashimoto is a strong leader, and deregulation is now politically acceptable. It is popular for a prime minister to liberalise."

Northwest, which is also observing the talks with the other airlines, accuses the US of "caving in" to Tokyo's refusal to allow US airlines to make additional flights to Asia through Japan.

Elliott Seiden, Northwest vice president, said Japan took hostage the "beyond rights" – allowed in the 1952 agreement – to force the US to back down on "open skies". "Right now liberalisation is a code word for managed trade and expelling US carriers from Asia," said Mr Seiden. "Japan will be the dominant player in Asia."

Although US negotiators have set as a goal reaffirmation of its negotiated rights, Mr Seiden said the US presented an earlier informal proposal agreeing to limit its "beyond rights".

Northwest has more flights to Japan than all other US carriers combined. It also has huge investments around Asia.

It has sought to merge aviation talks with the larger issue of US-Japan trade relations, arguing that a "retreat" on this would set a precedent in other trade tiffs with Japan. On this it has won support from the car industry.

John Smith Jr, General Motors chairman, and Robert Eaton, Chrysler chairman, have written to President Bill Clinton to urge that he not "show weakness".

"If you allow your negotiators to fall for such an 'interim agreement', it will do much more than foreclose open skies for the foreseeable future in Japan and Asia," said Mr Eaton. "It will signal to the rest of us who are watching that we should trade in our hopes for free markets and open competition as we watch Japan and the rest of the governments in Asia carve up their markets through just such market-sharing arrangements."

Lomé countries place their faith in strength of numbers

African, Caribbean and Pacific nations are determined to stick together to negotiate a new trade treaty with Brussels

Europe's trading partners in Africa, the Caribbean and the Pacific believe they have won a significant concession in preparing for a successor agreement to the Lomé Convention, their trade treaty with the European Union. The new treaty will be with the 71-member African, Caribbean and Pacific (ACP) Group, and not with separate regions, as some influential voices in Brussels had suggested.

The first Lomé Convention was agreed in 1975, and the current pact expires in 2000. The ACP states were concerned that their influence would be diluted if the EU insisted on separate regional pacts.

Jõao Pinheiro, Europe's commissioner for development, said a Brussels green paper had asked whether a successor treaty should continue with the ACP as a group or have separate arrangements for the three regions. The strong objection of the ACP to the latter had put the matter to rest, he said.

ACP governments believe they can best achieve a favourable successor agreement through strength in numbers. "We have a trading bloc that no one can ignore," said Nathan Shamuyarira, Zimbabwe's industry and commerce Minister. "With a united and cohesive ACP, we can go a long way."

The ACP countries believe the Lomé Convention is one of the world's more successful trade treaties. It allows preferential access to the EU, and provides significant amounts of aid particularly to the poorer members of the group. Unlike other preferential arrangements, such as those for Caribbean Basin exports to US and Canada, the Convention is a treaty which cannot be unilaterally terminated by Brussels.

The ACP countries badly want the treaty renewed. To help their case the first ACP summit, in Gabon in November, will try to agree common positions in negotiating a successor agreement.

This may not be easily achieved. "The members of the ACP share common objectives and are at one in their general approach to trade matters when dealing with the EU," said one ACP ambassador to Brussels. "However, there have been many instances on which the group is divided, sometimes on issues which may appear less substantial. A common ACP front should not be taken for granted."

Retaining preferential access to the EU for key commodities, including sugar, bananas, rum and rice, will feature in the negotiations. "We would like to see a continuation of these arrangements as these commodities are important to us," said Percival Patterson, Jamaica's prime minister.

The special arrangement for sugar will survive, but the preferences for the other commodities are under threat.

The World Trade Organisation panel has ruled that aspects of the EU's banana preferences are unfair, and earlier this year the EU imposed quotas on Caribbean rice.

The group's rum producers have asked the EU and the US to exclude all other producers from a proposed agreement which will lower tariffs on spirits.

Not all in the group expect that preferences will be continued, and some are urging a change in attitude. "The relationship between the EU and the ACP is falling victim to global changes," said Rene Preval, the president of Haiti. "The Lomé Convention is not in accord with the winds of change which are bringing extensive deregulation."

A successor agreement should not have the limitations of the current pact, said Leonel Fernandez, president of the Dominican Republic.

"Lomé has inhibited competition and development of a business environment of the ACP countries," he said.

"All trade preferences will be eventually phased out, and ACP states should be prepared to surrender trade preferences in return for improved aid, eligibility conditions, debt relief and soft loans."

Canute James

Norsk Hydro plans $500m fertiliser plant for Jordan

By Judy Dempsey in Jerusalem

Norsk Hydro, the Norwegian fertiliser and magnesium company, and Jordan Phosphate Mines, a publicly listed company, are to build a $500m fertiliser plant.

The venture, which will also include Arab Potash and the Social Security Corporation, a government-run investment agency, is one of the largest investments in Jordan.

"This is a major boost for Jordan," said Angus Blair, analyst at the Middle East and North Africa division of Barings, the investment bank. "Any downstreaming activities will add to the value of the commodities. This is very positive." Jordan Phosphate Mines had sales of $410m last year and Arab Potash has sales of $177m with exports accounting for the bulk of the two companies' revenues.

The joint venture will give Norsk Hydro access to rich reserves of phosphate. But its links to Arab Potash, regarded by analysts as a highly efficient and modern company, could potentially lead to greater co-operation if Jordan chooses to use its potash resources to expand into the production of magnesium.

The neighbouring Israeli Dead Sea Works recently joined forces with Volkswagen, the German motor company, to build a $470m magnesium plant which will produce 30m tonnes a year at first.

The joint venture coincides with attempts by the government to attract foreign investment in a bid to reduce the trade deficit and make the economy more competitive.

At the end of this year's first quarter, the trade deficit totalled 390.4m dinars and more than 1.75bn dinars for the whole of last year. Michel Marto, deputy governor of the central bank of Jordan said he expected the deficit to reach $2bn this year.

UK company wants Brussels to investigate 'risky' thermostats copied from British manufacturers

Electric kettles made in China 'hazardous'

By Peter Marsh in London

Britain is to urge the European Commission to tackle China about the 2m Chinese kettles imported into Europe that are allegedly hazardous.

The UK has been told by Strix, a UK company which is the world's leading kettle thermostat manufacturer, that the kettles coming into Europe frequently contain control devices that are copies of western-made products and carry a high risk of being faulty.

Eddie Davies, managing director of Strix, which claims 65 per cent of the world's £90m ($145m) a year market in kettle controls, said many of the Chinese kettles could be lethal under certain conditions.

Britain's Department of Trade and Industry said it was passing to the European Commission Strix's arguments as they raised important issues of safety and intellectual property rights. "Our view is that the matter should be raised with the Chinese," the department said.

After being a fairly tepid market for much of this century, the kettle business is expanding at some 20-30 per cent a year worldwide, with high growth particularly in continental Europe. This has happened as consumers switch to electric kettles for a variety of applications – such as heating soup – rather than just for making tea.

The kettle business has also been transformed by new designs that do away with the conventional heating element in the water and place this under the devices, making the products more "user friendly". Once the preserve mainly of British companies, kettle manufacturing now is a pan-European industry with the leading players including Philips of the Netherlands, Bosch-Siemens of Germany and France's Moulinex.

Strix says the potentially dangerous kettles have turned up in the Netherlands, Germany, Belgium, Russia and other parts of eastern Europe.

According to Strix, there are six main manufacturers of the potentially faulty kettles in China, each of them making up to five different models fitted with thermostats which under specific conditions would not work properly.

Many of the kettles contain thermostats and other control devices that Strix alleges are copies of patented products made either by itself or by Otter, another UK company which is the second biggest supplier globally of kettle thermostats.

Strix is urging regulatory bodies in Europe to keep a closer watch on kettles to ensure they contain thermostats which have passed the appropriate safety procedures. It has also served writs on manufacturers and distributors in China which it believes are infringing its patents.

هكذا من الأصل

Malaysian business loses its poise

Malaysia has maintained a modicum of composure in recent months despite speculative attacks on its currency and a stock market sinking steadily lower. But yesterday it lost its poise.

Businessmen who normally acclaim the country's successes began talking for the first time about a crisis, and criticising the government for what they see as deep disarray in economic policy.

"The government is turning what was maybe going to be a small crisis into a major crisis," said one influential businessman.

He, along with several bankers, brokers and economists, said they hoped the government would come out with a clear set of economic policies to address concrete economic problems, some of which are structural in nature.

Since early July the ringgit, Malaysia's currency, has depreciated against the US dollar by more than 15 per cent to M$2.875 late yesterday. The stock market has lost more than M$300bn ($108bn) in value since its high in February – more than double 1996's gross domestic product.

But, critics said, the government has offered investors and businessmen little comfort. Aside from one recent statement by Mahathir Mohamad, the prime minister, discouraging companies from importing heavy machinery, there has been no public attempt to correct fundamental trade imbalances which lie behind the ringgit's weakness.

Mahathir: blamed for a lack of clear economic guidance — Ashley Ashwood

Other, administrative measures have proved counter-productive. Foreign currency controls introduced by the central bank, Bank Negara, to prevent speculators from obtaining ringgit have driven down the stock market. They have also not stopped currency speculation.

Yesterday's measure to ban short-selling of stocks was intended to support the stock market. But the main index slumped at one point by more than 8 per cent before recovering slightly on late buying by state-run financial institutions.

The manner in which the restrictions were announced added to jitters. In both cases, press releases full of financial jargon were sent late in the evening to selected news organisations. Officials have not been on hand to answer press queries and yesterday's announcement had to be amended later by a "clarification".

"The way these restrictions were released makes it look as if they were panic decisions," said one economist at a foreign brokerage, who declined to be identified. "So we were panicking too."

Some saw the moves as a sign that Malaysia may be abandoning free-market principles, despite its stated ambition to become south-east Asia's financial hub.

"If the government wants to achieve a world class stock market, they should adopt a laissez-faire approach like in New York or Hong Kong," said Patrick Lim, president of the Malaysian Investors' Association.

"These restrictions are a heavy mistake," he added.

Malaysian businessmen said that, in the absence of clear economic guidance, Dr Mahathir's tactic of blaming Malaysia's ills on foreign speculators was not helpful. Yesterday he again took aim at George Soros, the US financier, and unspecified "huge" foreign funds for allegedly manipulating the stock market.

But economists said that many of Malaysia's problems stem from the prime minister's own policies. His insistence on keeping interest rates at relatively low levels has contributed to the ringgit's weakness.

"The deliberate forcing down of domestic interest rates is unsustainable. They will have to tighten interest rates and get the ringgit back up to M$2.7," said Neil Saker, senior regional economist with SocGen-Crosby in Singapore.

Dr Mahathir's refusal to acknowledge that the economy is slowing down has not aided the cause of managing business expectations within the economy, analysts said. Instead of unveiling yet more new large infrastructure projects which would require heavy imports, the prime minister would help to allay nervousness in financial markets if he announced that some projects are being postponed, economists said.

Efforts should be concentrated instead on the export sector, particularly in upgrading the skills of Malaysian workers. Though the government has not acknowledged it, statistics show that manufacturing competitiveness has been falling fast. Wages climbed by 11.4 per cent in June but productivity managed only a 1.4 per cent gain.

Similarly, authorities deny that a serious property glut is due to materialise next year. But statistics show that the level of oversupply may be similar to that seen in Thailand. Already, in the countryside outside Kuala Lumpur, the weeds are growing on abandoned construction plots.

Editorial comment, Page 13

Japan's nuclear agency failed to repair leaks

By Gwen Robinson in Tokyo

Japan's nuclear agency was given extra funds to repair faulty nuclear waste storage pits in 1992, but failed to do so, it emerged yesterday. The disclosure follows news earlier this week of a radiation leak from corroded storage drums in the Tokaimura nuclear plant, the latest mishap in an increasingly accident-prone national nuclear programme.

Officials admitted this week they were notified in 1982 that corroded metal drums holding nuclear waste in storage pits were leaking radioactive substances. The Tokaimura plant, in Ibaraki, about 115km north of Tokyo, is operated by the government's Power Reactor and Nuclear Fuel Development Corporation, or Donen.

Recent inspections found that rain water which had accumulated in some of the pits contained more than 10,000 times the admissible level of radiation, and that uranium levels in the soil around the waste storage area were 10 times the normal amount.

The government's Science and Technology Agency, which is responsible for overseeing Donen, said the drums might have been corroding for about 30 years. The discovery has generated new concerns that the radioactive water may have contaminated ground water.

Agency officials first discovered the radioactive leaks in an inspection of the facilities in 1982 and ordered Donen to repair the facilities. But Donen failed to enter reports of the leaks in its logs and concealed the information from local government officials, in spite of safety agreements obliging the organisation to inform authorities of any abnormalities, science officials said.

Between 1994 and 1996, Donen received nearly Y1bn ($8.4m) to build a temporary waste storage facility and overhaul the old pits. Instead, the organisation used the money to drain some of the rain water out of the existing pits, carry out geological survey work and buy drainage equipment.

The Tokaimura plant was the scene of Japan's worst nuclear accident, a fire and explosion which exposed workers to low-level radiation in March. Donen officials were later shown to have falsified reports of the accident and mishandled emergency procedures.

The latest disclosures will almost certainly fuel growing public opposition to the government's ambitious nuclear power generation programme. Ryutaro Hashimoto, the prime minister, criticised Donen, saying it was "unbelievable" that the organisation should neglect the 1982 warning.

Taiwan party shows discontent with Lee

By Laura Tyson in Taipei

Simmering dissension in Taiwan's ruling Nationalist party (KMT) erupted into the open yesterday, setting the stage for a showdown between James Soong, provincial governor, and Lien Chan, outgoing premier and vice-president, for the party nomination in presidential elections in 2000.

Mr Soong has wide popular support, but Mr Lien enjoys the crucial backing of Lee Teng-hui, outgoing president, who controls the political machine and the vast financial resources of one of the world's richest political parties.

Taiwan share prices dipped, with the main index closing 223.18 points down, or 2.2 per cent, at 9,827.49 points, extending Wednesday's 66.17 points decline.

The four-day KMT congress, which ended yesterday, revealed keen disgruntlement with Mr Lee, who doubles as chairman of the party also known as the Kuomintang (KMT), and his perceived authoritarian management style.

Delegates disobeyed instructions to vote for recommended candidates and instead handed Mr Soong, who is locked in a power struggle with Mr Lee, the highest number of votes to the party's central committee. Mr Soong captured more votes than Mr Lee's handpicked nominees – nearly a third of whom were not elected – and strengthened his hand in a possible future presidential bid.

With the recent advent of democracy within the KMT, central leadership can no longer exercise control over grassroots party organisations.

"The election result indicates that Soong still has tremendous support within the ruling party," said Andrew Yang, a political analyst. "It shows a lot of people are resentful toward Lee and what they see as his dictatorial leadership style."

"If the tensions continue between Lee and Soong, it may be difficult for the party to maintain its political base and could eventually lead to a split," said Mr Yang.

● Beijing yesterday stepped up its campaign to drive Taipei into diplomatic isolation by calling on Panama to rescind an "erroneous" invitation to Lee Teng-hui, Taiwan's president, to visit the central American country in September. Panama is Taipei's most important diplomatic ally following the decision of South Africa to switch recognition to Beijing later this year.

Manila's worries drag down share prices

By Justin Marozzi in Manila

The Philippine stock market plunged 9.3 per cent yesterday as political uncertainty, currency turmoil and disappointing economic results rattled investors' nerves. The Manila stock exchange index continued its four-day slide, shedding a record 212.06 points to close at 2,071.97, 40 per cent below its high in February. The last comparable one-day fall was in December 1989, during a coup attempt against the former president, Corazon Aquino, said analysts.

At the same time, first-half gross national product (GNP) growth of 5.9 per cent, announced yesterday, while within expectations, also worried the market and fuelled the fall.

Cielito Habito, socio-economic planning secretary, said the government was now aiming for full-year GNP growth of 7 per cent, which is at the bottom end of its target range. "We are still happy with the very respectable growth... given events in the region," he said. Mr Habito said first-quarter GNP figures had been revised downwards from 6.1 to 5.8 per cent after a miscalculation of remittances from overseas workers and investment income.

The market's decline was also prompted by the central bank's move, announced on Wednesday, to increase banks' liquidity reserves from 5 to 8 per cent, the third such increase in recent months. The bank hopes such measures will prevent further weakness in the peso, which again faced speculative pressures.

As long as there was uncertainty about the peso, uncertainty on the political scene and an expectation that corporate earnings next year would be lower than last year, the image of the Philippines would remain one "where there is more risk than reward", said Keith Craig, managing director of Indosuez W.I. Carr Securities in Manila.

Earlier this week the lower chamber of congress began debating a resolution which, if backed by the upper house, could prolong President Fidel Ramos's term of office, either through lifting term limits on elected officials or through a three-year extension of his term. Under the present constitution, presidents are restricted to a single six-year term.

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ASIA-PACIFIC NEWS DIGEST

Thais count cost of baht defence

Thailand's foreign currency reserves slipped to $27.9bn by August 14 following the Bank of Thailand's futile defence of the baht, which culminated in a devaluation in July, the central bank said yesterday. Thanong Bidaya, finance minister, told parliament the government had $23.4bn in forward obligations due for payment over the next 12 months, which could cut reserves by a further $6bn-$14bn over the next year. But he said reserves would be covered by the $16.7bn of credits and loans provided in rescue package organised by the International Monetary Fund and Asian countries led by Japan. Under the terms of the package, Thailand must maintain a minimum of $23bn in foreign reserves this year and $25bn next.

Meanwhile, the central bank yesterday said the current account deficit unexpectedly shrank to Bt20.1bn ($594m) in June from Bt22.8bn a month earlier. However, the trade deficit widened to Bt24.5bn in June from Bt16.8bn in May as exports fell and imports rose slightly.

Yesterday's parliamentary debate was an attempt by the prime minister, Chavalit Yongchaiyudh, to take the sting out of an approaching opposition no-confidence debate that is expected to be critical of his government's handling of the economy. *William Barnes, Bangkok*

■ AUSTRALIAN POLICY

Racist views disavowed

Australia yesterday released its first white paper on foreign and trade policy, outlining its commitment to the Asia-Pacific region and distancing itself from Pauline Hanson, the maverick MP accused of racist views that have been ill-received in Asia. Last year Mrs Hanson said Australia was in danger of being swamped by Asians. The paper does not name Ms Hanson, but it says "racial discrimination is not only morally repugnant, it repudiates Australia's best interests".

Business leaders and diplomats have said that the views of the independent MP for the One Nation party have harmed Australia's reputation and could damage trade.

The government has always denied that the "Hanson factor" has damaged Australia's reputation. Alexander Downer, foreign minister, has said that "sophisticated people" in Asia take no notice of her opinions.

The 80-page white paper, called "In the National Interest", names the Asia-Pacific region as Australia's highest priority for the next 15 years. Two-thirds of Australia's trade is with Asia and the paper adds that the new century is likely to be defined by the economic strength and influence of the main Asian economies. *Elizabeth Robinson, Sydney*

■ INDIAN STRIKE

Banking comes to a standstill

Banking operations came to a standstill across India yesterday as an estimated 1.3m employees of state-owned and private banks went on a two-day strike to protest at the opening of private banks in rural areas. A handful of private and foreign banks were open for business, but the country's state-owned banks, which account for nearly 80 per cent of loans and deposits in India, were shut.

M.N. Dandekar, secretary of the Indian Banks Association, said about 4m cheques, worth about $4.7bn, failed to clear yesterday as a result of the strike. Currency markets were also closed, and commerce was disrupted as companies were unable to clear bills of lading to receive their goods.

Unions are also pressing demands for pension funds in private banks, and for an end to a hiring slowdown at the state-owned banks. *Amy Louise Kazmin, New Delhi*

PUBLIC NOTICES

Notice to Holders of 6 3/8% Convertible Subordinated Debentures Due 2002 (the "Debentures") of ENSERCH Corporation

Section 14(e) (iii) of the Fiscal Agency Agreement, dated as of April 1, 1987 (the "Fiscal Agency Agreement") by and between ENSERCH Corporation (the "Company") and Citibank, N.A. ("Citibank") provides that if the Company shall distribute assets (other than cash dividends or distributions paid from retained earnings of the Company) to all holders of its Common Stock, then in each such case the conversion price shall be adjusted, effective immediately after the record date for the determination of shareholders entitled to receive the distribution. Section 14 (f) of the Fiscal Agency Agreement provides that in the event of a merger to which the Company is a party and which involves a change in the outstanding shares of Common Stock of the Company, the Company shall execute with the Fiscal Agenta supplemental fiscal agency agreement providing that each Debenture shall be convertible into the kind and amount of shares of stock and other securities of property receivable upon such merger by a holder of the number of shares of Common Stock issuable upon conversion of such Debentures immediately prior to such merger. Accordingly, you are hereby notified as follows:

The Amended and Restated Agreement and Plan of Merger by and among the Company, Texas Energy Industries, Inc., a Texas Corporation (formerly Texas Utilities Company), and Texas Utilities Company, a Texas corporation (formerly TUC Holding Company), dated as of April 13, 1996, was approved by the stockholders of the company on November 15, 1996. The merger of Enserch Merger Corp., a Texas corporation, with and into the Company (the "Merger") became effective on August 5, 1997. Immediately prior to the Merger, the Board of Directors declared the distribution (the "Distribution"), pro rata to all of the holders of Company Common Stock, of all of the shares of common stock of Enserch Exploration, Inc., a Texas corporation, held by the Company. Pursuant to Section 14(f) of the Fiscal Agency Agreement, the Company and Citibank have entered into a supplemental fiscal agency agreement dated as of August 5,1997. Taking into account the prior adjustment of the conversion price of the Debentures immediately following the Distribution, the Supplemental Fiscal Agency Agreement provides that the principal of any Debenture, or in the case of any Registered Debenture of a denomination greater than U.S. $5,000, any portion of such principal which is U.S. $5,000 or an integral multiple thereof, may be converted into that number of fully paid and nonassessable shares of common stock of Texas Utilities Company obtained by dividing the principal amount of the Debenture or portion thereof to be converted by the conversion price of U.S. $38.54.

Dated: August 15,1997
ENSERCH Corporation

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PROPOSED MODIFICATIONS OF THE LICENCE OF AT&T COMMUNICATIONS (UK) LTD

1. The Director General of Telecommunications ("the Director"), in accordance with section 12(2) of the Telecommunications Act 1984 ("the Act"), hereby gives notice that he proposes to make modifications to the licence granted to AT&T Communications (UK) Ltd ("AT&T") on 20 December 1994.

2. The Director proposes to make the modifications described in the Schedule below ("the Schedule") to bring AT&T's licence into line with the licences of other public telephone operators.

3. The Director is required by section 12(2) of the Act to consider any representations or objections which are duly made and not withdrawn. Subject to such consideration and AT&T's consent, the Director proposes to make the modifications forthwith.

4. The consultation procedure will be as follows. Representations on or objections to the proposed modifications may be made to Rosemary Buck, OFTEL, 50 Ludgate Hill, London EC4M 7JJ (telephone 0171-634 8822, fax 0171-634 8847) by no later than 26 September 1997.

5. Any confidential material should be clearly marked as such and separated out into a confidential annex. All representations and objections received by OFTEL, with the exception of material marked confidential, will be made available for inspection in OFTEL's library. Comments on this document (if they are relatively short) can also be sent to OFTEL at the following e-mail address: press.office.oftel@gtnet.gov.uk

The Schedule

Proposed Modifications to AT&T's Licence.

It is proposed to modify the licence to delete the conditions relating to apparatus production and procurement and to the prohibition of linked sales. It is proposed to modify the condition relating to the licensees group, in line with that appearing in licences currently being issued. It is further proposed that the Fair Trading Condition be incorporated.

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Help pledged for Malaysia drugs battle

Chief foreign minister's speech on co-operation is criticised for promoting a western view of human rights

By David Buchan in Kuala Lumpur and Jimmy Burns in London

Robin Cook, the foreign secretary, yesterday pledged to offer the UK's "diplomatic, aid, law enforcement and intelligence assets" in co-operating with the Malaysian authorities in fighting drug trafficking.

It also emerged yesterday that the UK government will next month draw up a shortlist from some 60 applications for the new post of anti-drugs co-ordinator, modelled on the US director of the Office of National Drug Control Policy.

The British version of the so-called "drug tsar" will co-ordinate policy and action on drugs by the Foreign Office, Home Office, Customs and the intelligence and security services. It is understood that the post will be given a much greater international agenda than was thought.

In Kuala Lumpur Mr Cook appealed for a new political and economic partnership between Britain and south-east Asia but quickly ran into criticism from Malaysian leaders for preaching a western view of human rights.

In the key policy speech of his four-country tour of the region, Mr Cook told the Malaysian Institute of Diplomacy and Foreign Relations that human rights were the most important of the six new areas of partnership that he wanted to develop. They were a "fundamental" part of foreign policy, he said, adding that all countries should abide by the United Nations 1948 Universal Declaration on Human Rights.

After talks with Mr Cook, however, Abdullah Badawi, the Malaysian foreign minister, dismissed the UK minister's approach as too rigid. "On human rights, it is very difficult to have one common yardstick that is universally applicable," he said. Mr Cook is expected to raise human rights concerns when he visits Indonesia today.

Another important theme of Mr Cook's tour is to promote Britain, given its new harmony with its European Union partners, as the "natural bridge between Asia and Europe". The UK was "no longer marginalised in the European debate, but a leading partner in it and taken seriously," he declared.

As holder of the EU presidency for the first half of 1998, Britain will host the next Asia-Europe Meeting (Asem) summit, to be held in London. One issue that needs to be resolved is whether Burma, which has just joined the Association of South East Asian Nations (Asean), will attend. Malaysian leaders told Mr Cook yesterday that Burma, ruled by the State Law and Order Restoration Council (Slorc) military junta, should do so because engaging it in international dialogue was the best way to persuade it to restore human rights and democracy.

UK officials stated there was no chance of the EU agreeing without fundamental change in the Slorc regime. Mr Cook described Burma as "the world's largest single producer of opium" and condemned Slorc for "criminal profiteering" in drugs.

The devolution debate has aroused business alarm and unexpected political alliances

Brewing group warns on Scots parliament

By James Buxton in Edinburgh

Scottish & Newcastle, Britain's biggest brewing group, warned yesterday that a Scottish parliament might put business in the region at a disadvantage if it increased income tax and business rates.

Sir Alastair Grant, S&N chairman, became the second senior business figure in Scotland to enter the debate ahead of next month's referendum on a separate parliament there. Sir Bruce Pattullo, governor of the Bank of Scotland, last week provoked fury from the government and from some of the bank's customers with a similar warning.

Sir Alastair, speaking at S&N's annual meeting, said it was already difficult to attract and retain top calibre management in Scotland. The possibility of higher taxation – if the parliament had tax-raising powers – would exacerbate this difficulty, though he acknowledged that the parliament might have an "oxygenating" effect on Scotland.

He rejected the claims of those who, he said, had vehemently stated that it was wrong to suppose that a new parliament would do anything to harm the interests of Scotland.

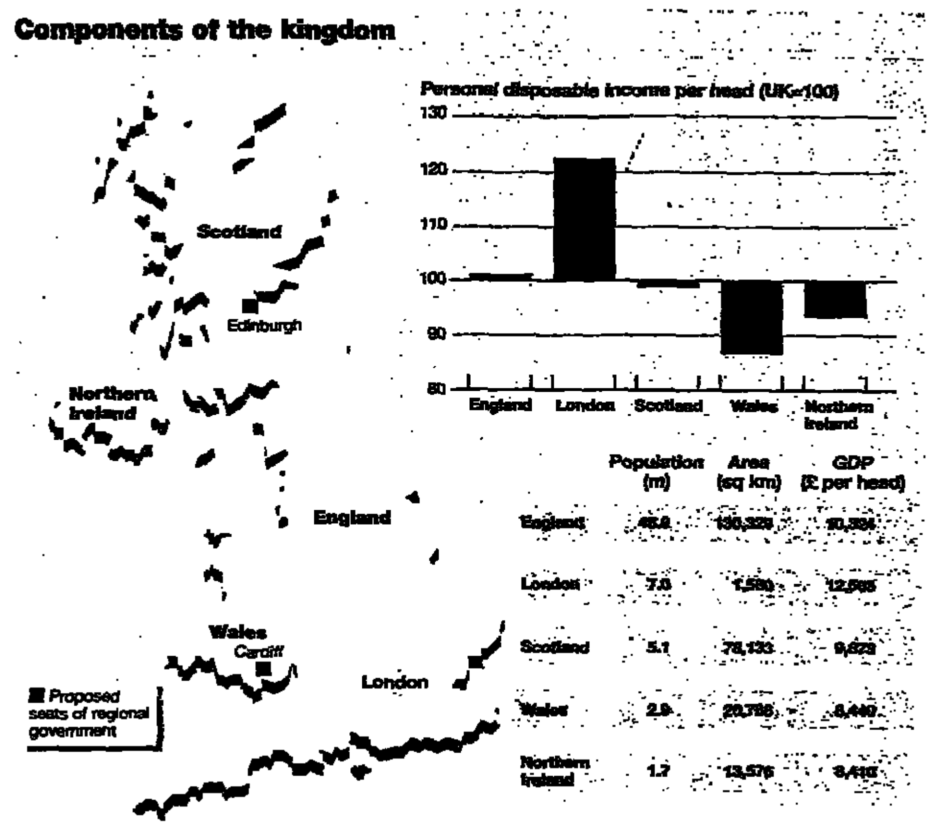
"I pray that it might be so," he said, "but I reflect upon the many, many occasions during the past 40 years when the fiscal policies of governments on both sides of the political divide seem to me to have inhibited wealth creation."

Very few of the 400 shareholders at the meeting raised devolution in questions. But Mary Mackenzie, a frequent attender at agms in Scotland, said the company had survived in a climate of London allowances and with 6,000 employees in Germany, the Netherlands and Belgium – a total higher than it employed in Scotland.

● Paddy Ashdown, leader of the pro-European Liberal Democrat party, yesterday attacked the anti-devolution campaign of the Conservatives, the biggest opposition party. He accused Michael Ancram, of "insult, misinformation and lies". Mr Ancram, who was a minister for Scotland in the last Conservative government, had claimed a Scottish parliament would create a "cesspool of resentment" leading to the break-up of the UK. "Like Churchill before the last war, we see the terrible dangers ahead and we give warning," said Mr Ancram.

Mr Ashdown challenged other parties to agree that one of the first acts of a Scottish parliament should be to introduce proportional representation in municipal elections. That would clean up the "mess" caused by the current voting system in which the candidate with the most votes wins the seat.

Components of the kingdom



Nationalist scorn changes to smiles

Connoisseurs of Scottish politics had a moment to savour last week when Alex Salmond, leader of the Scottish National party, appeared on the same pro-devolution platform as Donald Dewar, the chief minister for Scotland and leader of the Labour government's campaign in favour of a Scottish parliament.

Nationalists campaign for a fully independent Scotland, which was an independent kingdom for centuries before the union with England in 1707. They have for years been remorseless critics of the Scottish parliament supported by Labour and the pro-European Liberal Democrat party.

In the last two general election campaigns the SNP brutally scorned Labour's scheme. Mr Salmond called the proposed Edinburgh assembly a "pigmy parliament" which would deliver far less than an independent Scotland.

But the SNP's national council voted at the beginning of this month to join the campaign to win a vote in the referendum next month in favour of a Scottish parliament with tax raising powers. Only a handful of diehards on the council voted against.

Extreme SNP members have long seen devolution as a device by the Labour party to stifle the cause of independence. Diehard nationalists are convinced that any entanglement with devolution would be a betrayal of the party's basic objective.

But a principled stand against devolution as a diversion from the cause of independence was not a viable proposition. Though the SNP is the party of independence and Labour the party of devolution, opinion polls show that many SNP supporters back devolution rather than independence and there is a strong seam of nationalism in the Scottish Labour party.

In any case many SNP supporters would be satisfied with devolution as a second choice. Though Gordon Wilson, Mr Salmond's predecessor as leader, spoke passionately at the national council meeting about the SNP being "bogged down in the devolution swamp" he stood no chance of convincing the majority.

Mr Salmond says the proposed Scottish parliament is a first step on the road to independence. He said last week: "We believe devolution is not an end but a beginning – a step towards real independence."

The SNP will do well under the voting system proposed for a Scottish parliament because it includes an element of proportionality. The party will also be able to use the new debating chamber to point to the inadequacies of devolution.

This was a point made this week by Michael Ancram, the Conservative constitutional affairs spokesman.

"Everything that goes wrong for a Scottish parliament, every promise unfulfilled, every encouraged hope dashed, will be laid at the door of Westminster," he said. It would lead, "in reasonably short order", to a general election vote for independence.

Mr Salmond is having to play down the defects of devolution during the referendum campaign and keep quiet about any plans he has to attack it when it comes into being. To that extent he has been ensnared by Mr Dewar.

James Buxton

Sinn Féin to be invited to N Ireland talks

By David Wighton and Jimmy Burns

The UK government yesterday took the historic decision to allow Sinn Féin to join the all-party talks on the future of Northern Ireland, due to start there on September 15.

Mo Mowlam, the chief minister for Northern Ireland, will today announce that the conditions have been met for inclusion of the Irish Republican Army's political wing following the declaration of a renewed IRA ceasefire on July 19.

Security chiefs have advised Ms Mowlam that the ceasefire is "genuine in word and deed" and has been accompanied by a marked reduction in other paramilitary activity.

It emerged yesterday that an IRA bomb factory was "uncovered" by Irish police this month, prompting speculation that it may have been part of a token decommissioning exercise authorised by the IRA.

Security sources have been predicting for weeks that the IRA would tip off Irish police about some of its hidden arsenals in an effort to assure itself of Sinn Féin's entry into the talks.

Officially both Sinn Féin and the IRA have declared their opposition to any arms being handed in until substantive talks are under way.

The issue of arms decommissioning is one of the main obstacles threatening the start of full negotiations.

David Trimble, leader of the Ulster Unionist party, yesterday repeated his warning that further progress on decommissioning was essential before substantive talks could go ahead. The Ulster Unionists are the largest pro-British party in Northern Ireland.

This week Mr Trimble dismissed as "inadequate" an agreement between the British and Irish governments on the setting up of an independent international commission to oversee the handing over of paramilitary weapons.

After meeting Tony Blair, the UK prime minister, yesterday, Mr Trimble said: "We need progress on this front. At present, Sinn Féin have not established a commitment to exclusively peaceful means, which is the test contained in the legislation."

The Ulster Unionists have still not said whether they would be prepared to have face to face discussions with Sinn Féin during the talks.

Defence contract bidder unveils structure

By Charis Gresser in London

The Archer consortium, which is bidding for a £2bn ($3.2bn) battlefield communications system for the British army, yesterday unveiled its corporate structure. It is owned 30 per cent by Racal, 30 per cent by Siemens Plessey Systems and 40 per cent by ITT Industries.

This is the result of a merger last year between two rival consortia which claimed they had to come together to cope with the spiralling costs of developing the new system.

Archer said it aimed to submit its bid to the Ministry of Defence by the end of 1998. The three partners are expxected to invest a total of £100m.

While the development contract is estimated to be worth £1.5bn, John Craen, Archer's managing director, said the consortium could win an extra £500m to support the system – called Bowman – over its 20-year life.

Enhancements and upgrades to Bowman could add another £1bn to the value of the contract, said Mr Craen.

Archer yesterday named the contractors it had selected for developing the VHF high frequency system at the heart of Bowman.

The value of this contract is estimated at £300m. It is spread between Archer shareholders as well as two members of the original bidding consortia: BAe Sema and Cogent.

The defence ministry and Archer chose not to have an open competition for the contract. Archer said yesterday: "There would have been no point holding an open competition for this contract because the only companies capable of fulfilling these requirements were the ones in the two original consortia."

Mr Craen stressed yesterday that: "Competition is at the heart of Archer. It is not something that has been thrown away."

Archer also said yesterday said the ministry had placed with it a preparatory £20m "risk reduction" contract for the system. This contract is for development work undertaken before the main work.

Database aims to improve on cow passports

A state scheme opening today is intended to convince the EU to ease its beef ban, says Alison Maitland

Jeff Rooker, the food safety minister, will today unveil the site of a National Cattle Database as part of an effort to persuade the European Union to end its ban on exports of British beef.

The site at Workington, in north-west England, will house the British Cattle Movement Service, which is due to start operations next March. The system, linked to the agriculture ministry's main database, is designed to hold information centrally on an estimated 20m movements of cattle between farms, livestock markets and abattoirs each year.

Mr Rooker's emphasis on the project is implicit recognition that the paper-based system of cattle "passports" introduced in July last year is insufficient to persuade the EU of the "traceability" of British beef from farm to plate.

Bill Madders, a farmer on the government board setting up the database, said the passport system met one of the five demands of the EU's Florence agreement of June 1996, which laid out the conditions for ending the ban. "But we have to go that extra mile," he said. "This will help in easing the export ban."

The new service will also enable Britain to comply in good time with an EU requirement that all member states operate computerised cattle tracing systems by the end of 1999.

Still to be resolved is how the cost of the service is to be divided between the taxpayer and industry. Start up costs are estimated at £5m ($8.2m) to £6m and annual running costs are put at £10m to £15m.

Mr Madders said the industry welcomed the commitment from Mr Rooker last week to seek Treasury funds for setting up the service. He said the farming industry believed the running costs should be shared by government as well.

But a ministry official, pointing to the tight rein on spending, said the industry should expect to bear the running costs. "It's largely for the industry's benefit," he said. The eventual aim is to privatise the service.

The government believes the credibility of British beef in Europe has improved with the recent agreement on EU-wide removal of specified risk material – the carcass parts thought most likely to carry BSE – and statistical evidence last week from UK, Dutch and German scientists that the disease has been heavily under-reported in mainland Europe.

But the official said more needed to be done to restore confidence.

"Farmers have to make [the cattle data base] work if they are to get back into European markets," he said.

The Workington headquarters will process cards filled in by farmers buying and selling cattle to each other.

A barcode for each farm, together with each animal's individual number, will be scanned and the information fed into the ministry computer, which is being upgraded.

Mr Madders says animals' health records would become accessible once government databases on BSE, tuberculosis and other diseases are linked electronically to the agriculture ministry's computer.

Computer records of animals reared in industry-run "farm assurance schemes" should also become available.

EU terms agreed at Florence

It was agreed at the Florence summit in June 1996 that Britain must:

■ Carry out the selective slaughter of about 100,000 cattle most likely to have been exposed to BSE through feed containing infected meat and bonemeal

■ Introduce cattle identification and tracking

■ Remove all meat and bonemeal from feed mills and farms

■ Destroy cattle over 30 months old – more than 1.3m have been killed since last May

■ Tighten controls on the removal of specified bovine offals at slaughterhouses

The previous British government insisted in February that the UK had met the conditions. But in May Ms Emma Bonino, the EU commissioner responsible for food safety, declared that problems remained.

UK NEWS DIGEST

Citibank boost for NCR plant

Citibank, the US bank, is to cease production of automatic teller machines at its Californian development centre and switch all activity to an NCR's factory in Scotland. NCR is believed to have beaten Diebold, its biggest US ATM competitor, to secure the contract. Citibank has a bigger global ATM network than any other retail bank. NCR, the US producer of automated teller machines and cash registers, is to make and develop in Scotland an exclusive range of ATMs for Citibank.

NCR produced about 30,000 units last year and has a 78 per cent UK and 23 per cent worldwide market share. It expects to produce about 400 ATMs for Citibank next year. A single ATM costs about $30,000, so the deal could be worth up to $12m to NCR. But NCR expects the main benefit to come from future research and development work for Citibank rather than a marginal expansion of production.

William Sceats

■ LITERACY PROGRAMME

Millionaire gives $1.6m to scheme

A millionaire businessman yesterday pledged £1m ($1.6m) to boost the government's summer literacy programme, following an appeal from Tony Blair, the prime minister. Maurice Hatter, chairman of north London-based IMO Precision Controls, offered the money to help finance schemes in 500 schools next year. Mr Hatter is also is vice president of ORT, which claims to be the world's biggest non-governmental training body. Aged 67, he started in business with £100 after leaving the army. He has also funded a £400,000 cardio-vascular studies institute at University College Hospital, London.

Mr Blair announced Mr Hatter's £1m donation during a visit to a London school where he unveiled the expansion of the programme following this year's pilots. Mr Hatter, who was on holiday yesterday, issued a statement saying he strongly supported the government's emphasis on education.

David Wighton

Philip Stephens, Page 12

■ DIVIDEND TAX CREDIT

Actuaries warn on pension plans

The government's abolition of the dividend tax credit could increase pension costs for the UK's 100 biggest companies by between £1bn ($1.6bn) and £2bn a year, says Lane, Clark and Peacock, a firm of actuaries. It said that the abolition, announced in the July Budget, would lead to an increase in cheaper pension schemes and to greater costs for employees.

Mr Bob Scott, a partner in the firm, said that he expected employees to "have to start paying very soon" for the additional costs of pension scheme. He warned that more employees could be forced to rely on state retirement benefits because of inadequate provision. The survey suggested that the increased costs of providing pensions could hasten the current trend towards "lower-quality money purchase arrangements" in which the final payout depends on the investment success of the fund. In the more common defined-benefit schemes companies accept the burden of risk rather than employees.

The firm's fourth annual survey of FT-SE 100 pensions found that manufacturing companies which typically have large numbers of employees relative to their size would be hardest hit by the abolition. The firm believes that British Telecommunications could face an additional bill of £166m while ICI, the chemicals group, could be hit with a £62m bill.

Jane Martinson

■ NUCLEAR WASTE

BNFL wins US military contract

British Nuclear Fuels, the UK state-controlled nuclear fuels reprocessor, yesterday said it had won its 15th contract to help clean up the United States military's nuclear waste legacy. It said a consortium led by its US subsidiary had won a £145m ($236.3m) contract to decontaminate and partially recycle nuclear materials and equipment at a former Department of Energy facility at Oak Ridge, Tennessee.

Leyla Boulton

■ NATIONALISED INDUSTRIES

Waterways press for trust status

British Waterways, the nationalised canal operator, is urging the government to allow it to become a charitable trust, to allow it to raise cash for urgent repairs to the 200-year-old network. A minister said the waterways chiefs needed to prove the business was capable of surviving as a trust by generating new sources of income. Full privatisation of Britain's last nationalised transport business is not on the agenda.

George Parker

Lex, Page 14

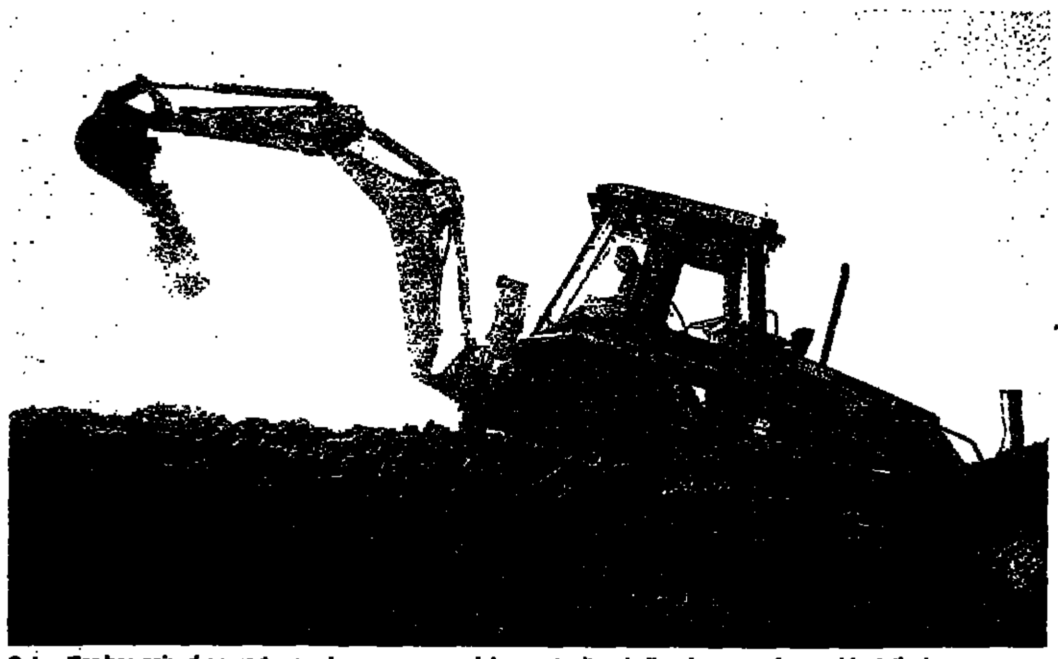
■ MILITARY CO-OPERATION

Ships home after eight months

The British contingent of a multinational Asia-Pacific exercise involving the armed forces of 20 nations returned yesterday to an enthusiastic welcome from George Robertson, chief defence minister. "This superb deployment has shown how the Royal Navy can deploy an effective and self-sustaining force to the Far East for a lengthy period," he said. "Its presence has been proof of the United Kingdom's commitment to the region."

The biggest of the six British vessels involved, the aircraft carrier Illustrious, was greeted as it approached Portsmouth in southern England by a flight of Royal Navy Sea Harrier aircraft. The navy pointed out that in their eight months at sea the carrier's crew of 1,200 had consumed 26 tonnes of beef and 89,000 tea bags. Mr Robertson congratulated the crew for rescuing a British family whose yacht was being battered by high seas off the coast of France on Tuesday. The couple had sold all their possessions to buy the boat for a journey round the world with their six-year-old son. As they were winched to safety by helicopters from Illustrious they managed to salvage a small bag of possessions.

MANAGEMENT



Caterpillar has seized on parts supply as a commercial opportunity, challenging more focused logistical groups

Logistical services are an increasing part of Caterpillar's business, discovers **Peter Marsh**

A moving story of spare parts

If you own or rent an excavator, getting a spare part on time can often make all the difference to how well you do your job. So it is not surprising that Caterpillar – the world's biggest maker of construction machines – treats parts distribution as an important skill.

Somewhat more unexpected – given the trend towards companies focusing on "core" businesses – is that the US group has seized on parts supply as an important commercial opportunity in its own right.

From a slow start 10 years ago, one of the company's fastest areas of growth is in providing logistical services – basically parts distribution – to a range of customers.

Against the argument that working in this way for external groups dissipates management energies, Caterpillar says exposure to new ideas from customers helps to sharpen its own internal logistical operations.

Worldwide, Caterpillar distributes about $3.3bn (£2bn) worth of components a year for customers. These include US car parts company Delco; Siemens, Hewlett-Packard, and Sun Microsystems, the electrical goods companies; Agco and New Holland, two of the world's four biggest makers of tractors; and Hiab, a Swedish-based company which is among the largest suppliers of truck-mounted cranes.

Other users of Caterpillar's services include Hyundai and Chrysler, the car companies; Husqvarna, a big Swedish maker of sewing machines; and Israeli machine-tool supplier Iscar.

The company does not divulge revenues from this part of its business, but annual sales of Caterpillar's logistical service operations are estimated at $200m to $300m. The business is expanding at some 30 per cent a year.

Behind this growth is the desire of many big companies to maximise speed of response to market requirements. In the field of logistics, that often boils down to ensuring customers get their spare parts within hours. It can sometimes make sense to pay someone else to do it.

This is the territory into which Caterpillar has intruded, challenging more "focused" logistical groups such as TNT, UPS and Hays, which provide parts distribution without making anything.

But according to David Ecklund, Caterpillar's commercial manager for its European logistics business, the company's manufacturing roots have given it a good appreciation of customer needs in distribution. With about 300 families of products, Caterpillar has to make and distribute some 550,000 spare parts simply to cater for its own and its customers' requirements.

Only a handful of other manufacturing companies – Boeing, the aircraft maker, among them – has to handle anything like this number. The average car company, in contrast, has to worry about only some 70,000 parts.

The trick for Mr Ecklund – and for other managers in Caterpillar's logistical services group, which employs 2,500 worldwide and has slightly less than half its activities in Europe – is to transfer ideas from the company's internal operations to customers, and vice versa.

Mr Ecklund, based near Brussels, says Caterpillar is a "laboratory" for new techniques such as warehousing systems, software techniques for handling customer needs, and measurement methods to test speed of response. But this is only of use to his customers if Caterpillar can set up horizontal links between its own logistical operations and the externally focused activities.

A fair chunk of managers' time in Mr Ecklund's division is spent in swapping experiences derived from customer operations and its own requirements. In some cases, Caterpillar has, says Mr Ecklund, "taken the technology used in a logistics operation for a customer and has adapted it to its own business".

Caterpillar says that exposure to new ideas from customers sharpens its own internal logistical operations

As an example, the logistical service division is involved in a project in the UK to improve the efficiency of the flow of components from suppliers to the company's main European factory for back-hoe loaders near Leicester. Some of these ideas have been honed from a range of experiences in handling the needs of outsiders.

This transfer of ideas means that, in its work for external groups, Caterpillar avoids taking on the business of companies which may be considered competitors in the world's $70bn-a-year construction equipment industry. The possibility of conflict of interest has not, however, stopped it working for the Perkins division of the Anglo-US automotive parts maker LucasVarity.

Perkins is an important supplier of diesel engines which are related to the engines Caterpillar makes both for its own requirements, and for the needs of customers in, for instance, the worldwide bus and shipping industry.

According to Mr Ecklund, "the accent on quality and integrity" in Caterpillar's operations for itself and for the outside world has set up a "virtuous circle" of ideas which can improve all-round efficiency in the world of logistics.

A productive dose of panic and fear

Christopher Brown-Humes on Prudential's transformation into a financial services retailer

Completing a project on time and on budget is one of the hardest tasks in management. The stakes are even greater in a high-profile venture, such as last year's move by Prudential Corporation, the UK's biggest quoted insurer, to set up a bank. The diversification was central to its transformation from a pure insurance company to a financial services retailer.

Prudential decided in 1995 that it wanted its own bank. Every year it pays out more than £1bn in maturing life policies and arranges £700m of mortgages with building societies. It realised it could keep some of this business, previously lost to banks and building societies, if it offered deposit facilities and mortgages itself.

Prudential brought in Mike Harris, the man who set up First Direct, the 24-hour direct bank operated by Midland, to head the project. His task was to set up a branchless banking operation, combining Prudential's 5,500-strong direct salesforce – the largest in the UK – with a phone and post service from an operations centre in Dudley, West Midlands.

When Mr Harris arrived in July 1995 he found the biggest difference between the new Prudential bank and First Direct was the scale of the project.

Although First Direct offered more products at the outset, Prudential with its 6m customers (it is about to acquire a further million through its purchase of Scottish Amicable, the life insurer) brought a much bigger customer base. This was reflected in the size of the bank operation: it needed 300 staff at the outset, rising to 1,000, and 100,000sq ft of space in Dudley.

Applying an important lesson of project management, Mr Harris's first move was to define a budget of £70m and commit his team to a completion date of October 1 1996. Setting these in stone caused "panic and fear", he says, but he knew from previous experience that the deadline and budget ceiling could produce high levels of commitment and innovation.

"If people know what resources they have and they know what result they have to get, and they know there's no way out of these constraints, they will be inventive," he says.

Without such a commitment, he says, "You get 1,000 reasons why costs escalate and the timetable gets delayed".

He makes a comparison with the Apollo 13 mission to the moon, which turned into a knife-edge battle to save lives.

Mike Harris: emphasis placed on rapid response

"Watching Apollo 13 is the best management lesson available," he says.

The scope of the project included acquiring premises, staff recruitment and training and establishing sales and distribution channels. On the IT side, there were projects to install call centres, a teleservicing package and a suite of banking software. Seven different IT systems were needed, including customer service, treasury and asset and liability modelling.

French Thornton, the management consultants, were brought in as programme directors. The programme was divided into 14 project areas, each one headed by the director who would be responsible for that part of the bank when it was launched. These directors, all Prudential employees, were expected to take charge of their area from the outset. This meant the bank was built by the people who were going to run it. It also meant that the number of consultants could be kept to a minimum. Just five were employed – a much smaller number than would normally be used for a venture of this size.

Harris believes, also, that establishing a "no-blame" and forward-looking culture helped ensure the project's success. "We tried to shift attitudes away from people defending themselves to them telling you exactly how it was and what they were going to do about it," he recalls. "If you had a problem, it was your responsibility to resolve it and to resolve it by a certain date."

Strong emphasis was put on rapid response. Planning was done step by step, rather than following a grand design.

Part of the reason for this was the desire for flexibility, even though this clashed with a desire of IT specialists for certainty.

Mr Harris insisted on flexibility because "we needed to be nimble as a new player in a rapidly changing market. That meant not deciding certain things, such as the products, at the outset but nearer the time of the launch."

There were difficulties along the way, particularly over systems integration. But the problems were fewer than might have been envisaged, says Mr Harris. Everyone involved, he says, achieved their maximum bonus upon completion.

As chief executive of the bank, Mr Harris has pioneered it through its first 11 months. It has already processed £250m of mortgage applications and has £274m of deposits and handles more than 1,000 enquiries each day. The next step, he says, is to offer personal loans.

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½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	15.40	16.17	16.31	1.02
0100	14.97	10.15	10.15	0.00
0130	14.97	10.15	10.15	0.00
0200	14.97	10.15	10.15	0.00
0230	14.97	10.15	10.15	0.00
0300	11.81	10.15	10.15	0.00
0330	11.69	10.15	10.15	0.00
0400	11.69	10.15	10.15	0.00
0430	11.69	10.12	10.12	0.00
0500	11.69	10.15	10.15	0.00
0530	12.72	10.15	10.15	0.00
0600	12.72	10.15	10.15	0.00
0630	12.72	10.16	10.16	0.00
0700	15.44	12.03	12.17	1.02
0730	12.72	15.61	15.75	1.02
0800	24.72	15.59	15.73	1.02
0830	24.01	15.74	15.87	1.02
0900	24.92	16.35	16.49	1.02
0930	25.72	16.70	16.84	1.02
1000	38.41	29.18	29.32	1.02
1030	38.50	29.18	29.32	1.02
1100	38.50	18.13	18.27	1.02
1130	38.53	18.13	18.27	1.02
1200	38.52	18.13	18.27	1.02
1230	31.57	20.11	20.25	1.02
1300	31.35	18.13	18.27	1.02
1330	24.87	16.81	16.95	1.02
1400	24.76	16.70	16.84	1.02
1430	24.76	16.70	16.84	1.02
1500	23.81	16.70	16.84	1.02
1530	23.80	16.30	16.44	1.02
1600	23.79	15.76	15.90	1.02
1630	22.78	15.76	15.90	1.02
1700	29.90	16.70	16.84	1.02
1730	29.90	16.70	16.84	1.02
1800	29.90	16.30	16.44	1.02
1830	22.88	16.19	16.33	1.02
1900	22.77	16.19	16.33	1.02
1930	22.46	16.19	16.33	1.02
2000	22.46	15.76	15.90	1.02
2030	22.46	15.61	15.75	1.02
2100	32.82	15.53	15.67	1.02
2130	32.62	19.98	20.12	1.02
2200	22.43	19.98	20.12	1.02
2230	21.49	17.94	18.08	1.02
2300	15.44	17.94	18.08	1.02
2330	14.95	15.36	15.50	1.02
2400	15.36	12.05	12.19	1.02

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
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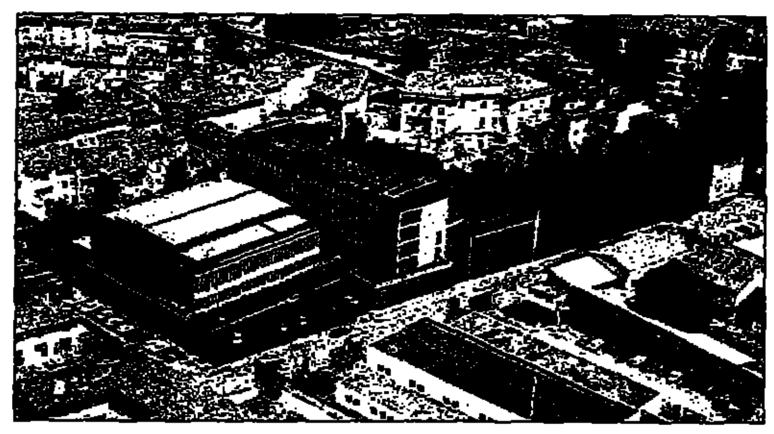

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RECRUITMENT

Companies should search for hard evidence that training pays off, says **Adrian Furnham**

The bottom line on training

If you listen carefully to many government ministers, you may come to believe that money invested in training is the longed-for solution to economic woes. Hundreds of thousands would be taken off benefits, and be more employable in this brave new world of "knowledge" workers.

But recent evidence that shows the amount a company spends on training has almost nothing to do with profit, turnover or share prices is astutely ignored.

The training solution trips off the tongue of human resources managers and, not surprisingly, training consultants. That now-recognised error of too much downsizing has made most people work faster, harder and smarter, but many argue that they need to be trained to do so.

"Training," we are told, "is not a cost, but an investment, an enablement, indeed a necessity." The restructuring of business and the introduction of more information technology means that people need to broaden their skills base and learn new things. The Kaisen principle of continuous learning means, of course, continuous training. Precisely what sort of training, by whom, for what period, and for what objective is, however, far from clear.

Some organisations start their own training "universities" like Motorola University, which has an annual budget of about $120m. There is also the famous Hamburger University where 3,000 McDonald's store managers graduate a year. According to US estimates, training costs their businesses $35bn a year.

But is the investment worth it? Does training affect the bottom line? Or is it a voguish, feelgood, PR exercise in pouring money down the drain? There are only four things to measure. They are, in reverse order of importance and ability to demonstrate:

- First, participant reaction to training. Measures of trainee satisfaction through post-course "happy sheets" are cheap, easy and relatively straightforward. But make sure you, and not the teachers, choose the questions you would like the course participants to answer. Trainers can easily bias the questions to their known strengths. Further, there is a sneaking (and probably correct) suspicion that there may be an inverse relationship between enjoyment and learning. Entertainment is not a good learning method.
- Second, there is learning, which is the difference between pre- and post-course knowledge and skills. Again, this is not too difficult to measure, although there are two important caveats. It is easy to make the pre-test very difficult and the post-test very easy so that it looks as if the trainee has learnt a great deal. Also learning, unless practised and reinforced, is all too soon forgotten. It is not only a matter of remembering what has been learnt, but practising the skill and being rewarded for it.
- Third, there is behavioural change, which is what the trainees do differently. This can take months to measure, and for most involves considerable effort. It is, in fact, best judged or rated by others – preferably by subordinates of the trainees.

Sometimes it can be measured by other objective methods if available, such as revenue generation, customer feedback, speed of processing any work unit. But unfortunately, most organisations are not geared up to keep regular, objective, individual measures of performance.

- Fourth, there are the elusive results from the bottom line (department or company as a whole). All sorts of things can be measured – sales or productivity up; absenteeism or customer complaints down. The problem, of course, is demonstrating that it is the training – as opposed to a host of other factors – that is making the difference.

So many directors have given up asking for proof that any, or all, training has an impact on revenue or costs.

Most find it acceptable to measure training effectiveness when the programmes are translated into action. So measuring end-user or customer satisfaction is a popular and useful measure of training. But it is only one and also could be the result of many factors other than training.

One reason why the grey gremlins of the bottom line have forsaken the quest for results-orientated proof that training works is that work training is different now because work is different. Training is now as much about ideas as skills. It calls on new disciplines and often means retraining and untraining. It seems as much about skills and knowledge as what Americans call "attitude".

On-the-job training and off-site training for one day a week are more popular than intensive week-long seminars in hotels and training centres. Employees now train each other, passing the baton and taking responsibility for doing it well. And training is now more high-technology based. One can take home a CD-Rom and, like Open University students, be trained in one's own home.

Training can also form part of the total annual check-up and data may be used in assessment for promotion or a succession planning exercise. Some believe it is important to show that one has personally initiated some sort of training (preferably in one's own time at personal expense), which one can demonstrate has made a difference to productivity.

But does the rigorous, measurable financial accountability of training lose its relevance? Will it do for overbearing, overconfident chief executive officers simply to assert: "I know that training works"? Is the feeling that morale has improved, or that communication is more open and honest after a series of courses, good enough?

While it is true that training, like advertising, is very difficult to measure, it should not prevent the sceptic or cynic having a go. Trainers always stress the importance of feedback, so try giving them a bit of the tough, bottom-line, behavioural variety.

The solution is to try to measure a "basket of currencies". Many of the measurable outcomes at work are influenced by different factors as well as training. Some seem more sensitive to training than others, but much depends upon the particular sector, the stage in the economic cycle and so on. So pre- and post-training measures need to be considered. It is, of course, important for trainers themselves to discuss and agree these bottom-line measures.

Training does not work for all business problems, quite simply because it is an inappropriate response to a particular issue. There are good and bad trainers, good and bad courses, and good and bad trainees. It is essential to monitor and evaluate the contribution of training, just like any other facet of the organisation.

To have blind faith in training promotional material is to court disaster. If feedback is essential to development, get some behavioural and better still monetary evidence that past training courses have benefited your company.

The author is professor of psychology at University College London.

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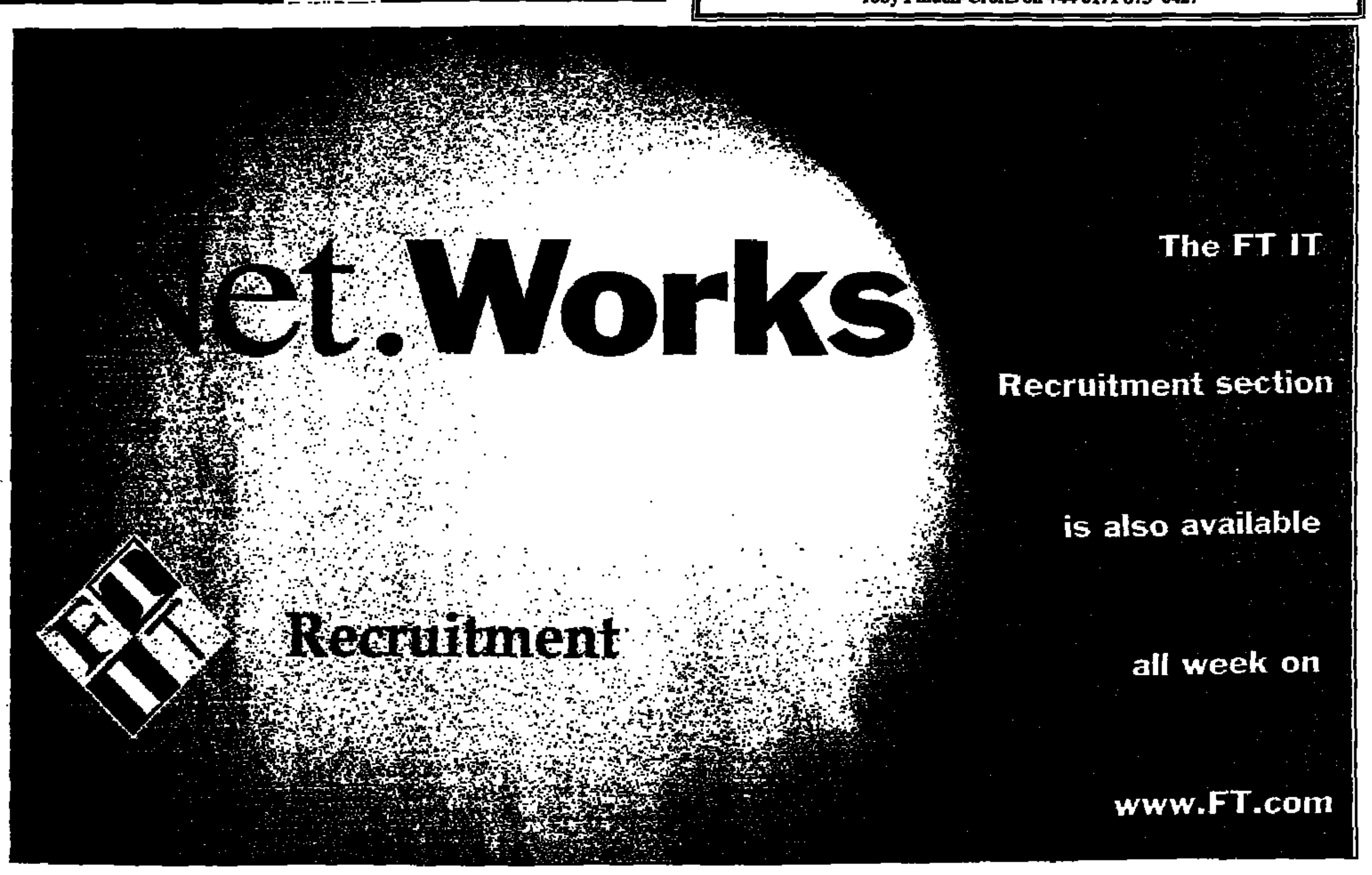

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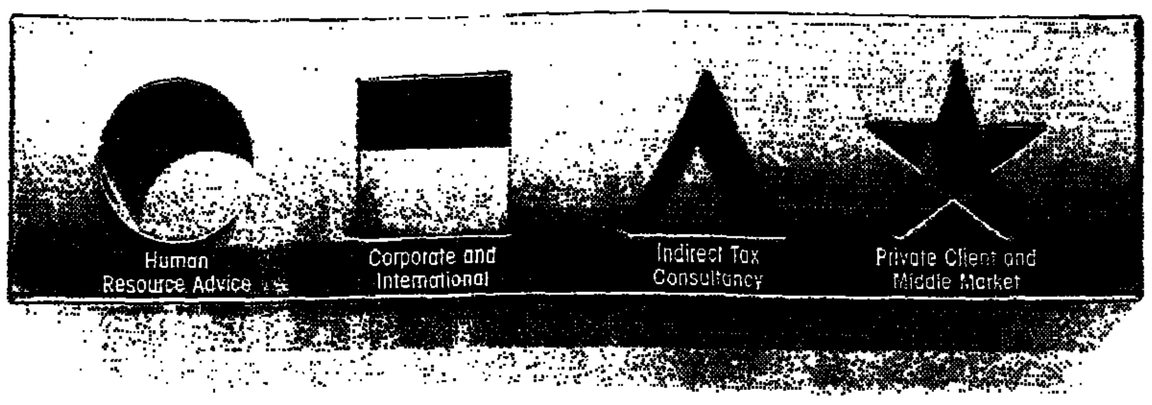

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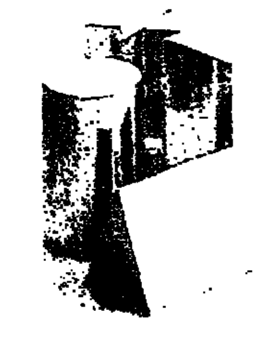

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Rubens' inspired threads

Jackie Wullschlager on a sumptuous, monumental display of a little-known area of the artist's work: tapestries

In the vast studio of his merchant's house on the Wapper in Antwerp, Peter Paul Rubens produced over 2,500 works. We are familiar with them across the world – in the National Gallery, the Louvre, the Metropolitan Museum. But, as with any world-famous artist, it is a revelation to see the work in the setting where it was created. Rembrandt's house in Amsterdam, El Greco's in Toledo, Rubens' in Antwerp – each gives us a palpable sense of the artist's milieu and something of the culture that formed him.

Rubens' house is among Europe's finest small galleries. It has one of the artist's earliest known paintings, "Adam and Eve", as well as the most captivating of his few self-portraits. There is a small museum, full of marble busts and exquisite showpieces such as Willem van Haecht's "The Art Gallery of Cornelis van der Geest"; a library; an Italianate courtyard and a large garden with fountains and a maze of flowers and herbs enclosed in miniature yew hedges. Rubens built it as a statement of his image as Renaissance man: artist, architect, diplomat, humanist-scholar. By the time he died it resembled a palace: an embodiment of the entrepreneurial Flemish culture which allowed him to rise from struggling painter to nobleman.

This summer the house celebrates its 50th anniversary as a museum with an exhibition which emphasises Rubens as a distinctively Flemish and Catholic artist. *Rubenstextiel* is a monumental, sumptuous display of a little-known area of his art: the giant classical and religious tapestries he designed for monarchs and merchants. So lavish and large are these tapestries – five metres high and sometimes nine metres wide – that the show ended up too big for the Rubens House, so it is displayed down the road at the Hessenhuis, a Renaissance warehouse converted into a light, open gallery.

The tapestries are hung in a series of interconnecting nursery-colour rooms which bring out their vivid, warm colours and theatrical qualities. A central orange aisle is splashed with photographs illustrating their use, historically and today, in castles and cathedrals such as Cologne and Toledo, and they give us an idea of the exciting scope the sacred tapestries offered Rubens.

When he accepted his first tapestry commission in 1616, the Flemish tapestry business was stuck in a mannerist cul-de-sac of stiff little figures and dull colours. Telling the story of Decius Mus, the Roman who dreamt that a consul would have to lay down his life for his army to win, then bears from a soothsayer that Fate has chosen him to do so, Rubens swept in with splendid dynamic figures, full of grace and life. Recently back from Italy, he used a colourful palette and a Caravaggian chiaroscuro to emphasise drama and action. The genius, as in his paintings, is to preserve the humanity amid the bold drawings and the grandeur.

There are many joys here. Recently discovered after being plundered by the Nazis in Vienna are some tapestries of hunting scenes; their extraordinary, controlled violence, with spears and daggers converging at the centre, recalls Rubens' painting, "Lion Hunt". The Constantine cycle, on the life of the first Christian emperor of Rome, is a feast of golden thread and archaeological detail – but somehow formal and austere in the French style, for it was made for Louis XIII and woven on the looms of Flemish workshops in the Faubourg Saint-Marcel, later the Gobelins.

With the classical stories, Rubens took subjects not painted since antiquity, and exploited his knowledge of mythology in a baroque fusion of history and allegory. When the Infanta Isabella asked for 20 tapestries on the theme of the Triumph of the Eucharist, he clung to the classical symbol to give form to the Christian idea and presented the figure of the Church as a Roman triumphator who, seated in a chariot, overcomes every enemy. This quintessential motif of Counter-Reformation triumphalism became, in tapestries, paintings and engravings, one of the most widely circulated 17th century Catholic images. The work is a masterpiece of High Baroque elegance and illusionism, and the most elaborate of all Rubens' liturgical art. Drawing on Italian frescoes he had seen, he had angels unfurl a tapestry to hang between pillars, so the story of the Eucharist unfolds on a tapestry within a tapestry.

This is Rubens as Catholic courtier and diplomat. But tapestry also took him back to his mercantile roots, for his grandfather was a tapestry dealer on Antwerp's great trading thoroughfare the Meir, and forward to his last idyllic years, when he wooed his second wife by designing the tapestry series Achilles for her silk merchant father. They married, she 16 and he 53, in 1630.

The Achilles series, upbeat, deep vivid colours, full of love scenes, brilliant in its changing characterisations of its emotional hero, shows the artist as narrator. "And so they meet, the Ionian and the Fleming, the two greatest storytellers our earth has ever borne – Homer and Rubens" wrote Jacob Burckhardt. Delacroix called the series *tapisseries sublimes*: this show gives them prominence for the first time.

Rubenshuis, Wapper, Antwerp, and Hessenhuis, Falconrui, Antwerp until October 5.

'Adam and Eve', one of Rubens' early masterpieces in his house in Antwerp

The Proms

Old man of the New World

Tuesday's Prom, with Oliver Knussen conducting the BBC Symphony, was a bracing cocktail of 20th-century American music and 20th-century British music. The latter consisted of Britten's Suite on English Folk Tunes, "A Time There Was ..." (1975), once ignored but now suddenly attracting admirers; and the first London performance of Mark-Anthony Turnage's *Dispelling the Fears* (1995).

The Britten Suite looks backward in melancholy mode, most affectingly at the close – "Lord Melbourne", on a tune collected by Percy Grainger – with its long, ruminative solo for cor anglais. It was neatly matched against three American folksong arrangements, by Ruth Crawford Seeger, Charles Seeger and Aaron Copland, whose *Billy the Kid* suite made a jaunty end to the concert.

Dispelling the Fears, inspired by a Heather Betts painting, is in effect a concerto for two trumpets. It moves steadily from dark churnings and rockings in the orchestra to serenity and light, led by the virtuoso trumpeters – here the original pair, Hakan Hardenberger and John Wallace, brilliant in their intertwined music. As often in Turnage's music there are prominent saxophones and a bluesy feel, but nothing overtly jazzy.

The other local premiere was from the great American composer Elliot Carter, who turns 89 in December. His new *Allegro scorrevole* completes a symphonic triptych, with the energetic 1993 *Partita* and the sombre *Adagio tenebroso* from two years later. This latest movement is a kind of ethereal scherzo (Berlioz's "Queen Mab" served as a distant model); will Carter be able to resist composing one more piece as a finale?

Many movements in Carter's work are marked *scorrevole*, "scurrying". It is a good epithet for his characteristic musical motion: busy and forward-striving but not fixed to any constant rhythm. Some of those movements strike like sudden furious squalls, but this *Allegro scorrevole* is a silvery, suspended bubble – representing fragile life itself, as in many symbolical paintings and particularly Richard Crashaw's poem *Bulla*, which prompted the piece.

For much of its quarter-hour length, high, soft woodwinds warble at speed, trilling and racing. Often at the same time, the strings sustain a gently striding cantilena – full of hazardous wide intervals: I admired the suave BBC violins enormously. There is a perpetual rain of quiet finger-strumming on bongos and tomtoms, brightened by injections of harp, piano and tuned percussion.

Thematically rich and suggestive, the *Allegro scorrevole* reaches a sumptuous climax in due course, and swiftly evaporates. The last notes come from a solo piccolo, disappearing into silence. Like Carter's recent clarinet concerto (to be heard in London on January 19), it is wonderfully un-forbidding and "accessible", however *recherché* its compositional procedures.

I think that no other composer has been so creatively productive for so long. The concert began with the Holiday Overture he wrote 53 years ago. It still sounds good, and with hindsight one can hear many traits of the grand old man to come.

David Murray

Operetta in Trieste/William Weaver

Italian trip to the Danube

Inaugurated in 1801, Trieste's Teatro Grande (renamed Teatro Verdi in 1901) has had a distinguished, if turbulent history. While the city suffered revolutions, wars and painful changes of nationality, its opera-going public remained faithful to the Italian repertory; but at the same time Trieste's geographical and political situation fostered contact with Vienna, with German opera. And in more recent times, the Teatro Verdi has played a leading role in introducing to Italy the operas of Smetana and Janáček, and in discovering many gifted young performers from eastern Europe.

So it is not surprising that Trieste should also be the site of a long-established international operetta festival. The city still belongs to Middle Europe, and the Danube is closer than the Tiber. True, Verdi visited Trieste, but so did Johann Strauss; and Franz Lehár, who spent some of his early youth in the area, actually spoke Triestine dialect and, among other tributes, composed a jolly march entitled *Sangue Triestin* (Triestine blood).

This year's edition of the festival followed the theatre's reopening after a five year period of closure. Unusually for Italy, the renovation work was concluded on schedule, and the public can now enjoy not only the visual smartening-up, but also the backstage improvements, which allow speedy scene changes and shorter intervals. Kálmán's *Die Czárdásfürstin* drew a capacity crowd and emanated a jolly atmosphere: buses brought large parties from nearby towns, creating the family-style festiveness you encounter at the Volksoper in Vienna, or the Gärtnerplatz in Munich or the National Theatre in Prague when *The Bartered Bride* is on the bill.

Throughout the performance, applause, cheers, laughter were wholehearted. And well-deserved, for the sets and costumes by Mario Catalano were a triumph of bright lights, sequins, shimmer and shine; and the direction and choreography of Gino Landi matched them in pacing and invention.

The Bulgarian maestro Julian Kovatchev, who has conducted Schumann, Dvořák, Rossini and Honegger in Trieste, obviously enjoys a warm rapport with the excellent, responsive orchestra. The Czech soprano Regina Renzova sang the title role; she alternates opera and operetta, and her dark beauty and bright, attractive voice must serve her in good stead in both genres. As the dowager czardas princess, Paola Tedesco sang, danced and acted with irresistible brio. The comedians Gennaro Cannavacciuolo, Orazio Bobbio, Aldo Ralli and Elio Veller brought new life to old jokes.

Operetta came to Italy via Vienna, but in the early years of this century, Italian composers – Mascagni, Leoncavallo, Franchetti – tried their hand at it. Puccini tried and failed to make an operetta of *La rondine*. Actually, the best Italian operettas were written by less grand musicians, including the duo Carlo Lombardi and Virgilio Ranzato, whose immensely popular *Il paese dei campanelli* (1923) was performed at this year's festival.

Genuinely Italian operetta usually has a softer, sweeter edge than its Viennese ancestor. Though the Lombardi-Ranzato piece has the usual amount of chaffing about adultery and impotence, it also has some meltingly sentimental tunes, which the soprano Chiara Taigi and the tenor Amedeo Moretti fully exploited. The soubrette Elena Berera, as the appropriately named Bombon *(sic)*, young and pretty and worldy-wise, sang and danced with charm and wit. Manuel Frattini transformed the traditional comic role of La Gaffe into a whirling, leaping, sparkling Ariel.

The Triestine conductor Guerrino Gruber drew precise and sensitive playing from the orchestra. Sergio d'Osmo's versatile set and simple costumes created a children's-book Holland, in which it seemed natural for the heroine to wear wooden shoes covered with gold.

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERTS
Konzerthaus Tel: 49-30-203090
● Berlin Symphony Orchestra: conducted by Eliahu Inbal in works by Korngold, Ligeti and Beethoven, with cello soloist Peter Bruns; Aug 30
● German Symphony Orchestra of Berlin conducted by Vladimir Ashkenazy in an all-Beethoven programme, with piano soloist Louis Lortie; Aug 30, 31

■ BONN

EXHIBITIONS
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmar Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans documenting Polke's work from 1962 to the present; to Oct 12

■ EDINBURGH

Edinburgh International Festival
Tel: 44-131-473 2000
CONCERTS
Black on White: by Heiner Goebbels, whose jazz, rock and world music influenced compositions have won him European celebrity, although he remains a relative unknown in the UK. This piece, subtitled *Music Theatre for Eighteen Players*, is performed by Ensemble Modern, with sets and lighting designed by Jean Kalman, costumes by Jasmin Andreae; at the Royal Lyceum Theatre; Aug 29, 30

DANCE
Nederlands Dans Theater III: Tears of Laughter, choreographed by Jiří Kylián. Sister company of Nederlands Dans Theater 1, formed for mature dancers. Programme of five separate works; at the Edinburgh Playhouse; Aug 29, 30

THEATRE
● The Cherry Orchard: by Anton Chekhov. Peter Stein directs a Salzburg Festival production seen there in 1995 and 1996. Jutta Lampe is Ranyevskaya; at the Edinburgh Festival Theatre; Aug 29, 30
● The Cocktail Party: by T S Eliot. Premiered at the 1949 Edinburgh Festival. This Royal Lyceum Theatre Company production of Eliot's drawing room comedy seeks to illuminate its hidden depths; the director is Philip Franks; at the King's Theatre; to Aug 30

EXHIBITION
Royal Scottish Academy
Tel: 44-171-624 6200
Sir Henry Raeburn (1756-1823): major exhibition of around 70 works by this most famous of Scottish painters, bringing together the works owned by the National Gallery with loans from around the world. The exhibition will travel to London; to Oct 5

■ GLASGOW

EXHIBITIONS
McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pisarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cafe society on the new painting; to Sep 7

■ LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● BBC Symphony Orchestra: with conductor Tadaaki Otaka performs Dvořák's Overture "Carnival", Lutoslawski's Cello Concerto – with principal cellist Paul Watkins – and Brahms' Symphony No. 1 in C minor; Aug 30
● Esa-Pekka Salonen conducts the Swedish Radio Symphony Orchestra in works by Sibelius, Britten and Stravinsky; with soprano Dawn Upshaw; Aug 31
● John Dankworth conducts The Dankworth Sextet, BBC Big Band and BBC Concert Orchestra in a joint 70th birthday tribute to Gershwin and Duke Ellington, with Cleo Laine; Aug 29
● Sir Charles Mackerras conducts a concert performance of Handel's *Jephtha*, performed by The New Company and Scottish Chamber Orchestra; Sep 1

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

■ LUCERNE

CONCERTS
International Festival of Music
Tel: 41-41-210 3080
● Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Mendelssohn. With the Slowakischer Philharmonischer Chor; at the von Moos-Stahl-Halle; Aug 31
● Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Schubert and Rihm. With violin soloist Rainer Kussmaul; at the von Moos-Stahl-Halle; Sep 1
● Philharmonia Orchestra: conducted by Claus Peter Flor in works by Tchaikovsky and Shostakovich; with violin soloist Julian Rachlin; at the von Moos-Stahl-Halle; Aug 30

■ NEW YORK

EXHIBITIONS
Metropolitan Museum of Art
Tel: 1-212-570 3951
Ivan Albright, Magic Realist: retrospective consisting of 45 paintings by the Chicago-based artist Ivan Albright (1897-1983). Includes still-lifes, character studies, 25 self-portraits and the "Picture of Dorian Gray" (1943-44) created for the film of the same name; to Sep 7

THEATRE
Belasco, 111 W. 44th St.
Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page

Lucille Lortel, 121 Christopher St. Tel: 1-212-239 6200
As Bees in Honey Drown: by Douglas Carter Beane. Directed by Mark Brokaw. Cast includes T. Scott Cunningham and and J. Smith-Cameron

Minetta Lane Theatre
Tel: 1-212-420 8000
Gross Indecency: The Three Trials of Oscar Wilde: Written and directed by Moisés Kaufman, based on transcripts, letters and other writings. Michael Emerson plays Wilde

■ SALZBURG

Salzburg Festival
Tel: 43-662-844501
CONCERTS
SWF-Sinfonieorhester Freiburg and the Edinburgh Festival Singers conducted by Michael Gielen in works by Holliger and Kurtág. With violin soloist Thomas Zehetmair; at the Grosses Festspielhaus; Aug 31

OPERA
● Boris Godunov: by Mossorgski. Conducted by Valerie Gergiev in a staging by Herbert Wernicke. Samuel Ramey sings the title role. Cast also includes Philp Langridge. With the Vienna Philharmonic, the Konzertvereinigung Wiener Staatsopernchor and the Slowakischer Philharmonischer Chor Bratislava; at the Grosses Festspielhaus; Aug 30
● La Clemenza di Tito: by Mozart. Conducted by Gustav Kuhn, directed by Ursel and Karl-Ernst Herrmann and designed by Karl-Ernst Herrmann. With the Camerata Academica Salzburg and the Konzertvereinigung Weiner Staatsopernchor; at the Kleines Festspielhaus; Aug 29, 31

■ WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
Thirty-Five Years at Crown Point Press: 122 works on paper created by 48 artists at the print workshop founded by Kathan Brown as a community studio in the Bay area in 1962. The exhibition will travel to San Francisco; to Sep 1

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Murky answers

Politicians want more evidence from scientists on climate change, says Leyla Boulton

Everyone talks about the weather but no one does anything about it. Three hundred scientists from around the world have been meeting in Geneva this week to talk about climate change. But politicians want more: they would like to be told where and when to do something about it. Many scientists think such demands are unrealistic.

"The politicians would like nice clean answers," says Michael Grubb, a member of the Intergovernmental Panel on Climate Change, a UN body charged by governments to research the problem. "The fact is there is a lot we don't understand about how the planet works. There is a frustration on the part of the politicians but that is not the nature of the problem. The need for action is because we don't understand the consequences [of global warming]."

That is not to say science casts no light on what Bill Clinton, the US president, calls the world's most serious environmental problem.

Most scientists concur, for example, that, if the world continues to increase emissions of gases including carbon dioxide from burning fossil fuels at present rates, then the world's average temperature could increase by 1° to 3.5°C by 2100.

They also reckon that such a rise in temperature would be unprecedented. Independent bits of information – including examination of ice cores centuries old – suggest that a half a degree increase in temperature over the past century is greater than anything over previous centuries.

"Half a degree is very unusual but if you are talking double or several times that the planet has never seen that before," says Tom Karl, of the US government's National Climate Data Centre.

It is also clear that such a rise in temperature could have considerable consequences. Some parts of the world could see increases in flooding, others more drought. Some species of insects could proliferate; large mammals, less able to adapt to climate change, could see numbers dwindle.

For all those reasons industrialised nations have agreed to negotiate legally binding cuts in greenhouse gas emissions by 2010 at talks scheduled in Kyoto this December.

But if the scientists' fears are confirmed, the Kyoto talks are likely to be just the first stage in a series of moves to tackle the problem.

Until firmer evidence is available, politicians and scientists agree on the need to adopt so-called "no-regrets" policies. These are measures which cost little or nothing and could generate environmental benefits even if, as one World Bank official puts it, "global warming turns out to be a hoax".

The World Energy Research Council, for instance, reckons that the world could cut carbon dioxide emissions by 20-30 per cent simply by making more efficient use of energy. This could not only reduce energy bills but help tackle air pollution generated by factories and cars.

But the politicians still want more scientific evidence for three main reasons. The first is to help them win an ongoing argument against critics – including the US Congress – who say not enough is known about the problem to warrant costly action to tackle it.

The second is to give individual countries, including developing nations which have so far not committed themselves to any action, an incentive to do so.

And the third is to make it possible to draw up more detailed regional or national policy recommendations, which are often easier to frame than international commitments.

The trouble is that detailed scientific evidence of this kind is not available.

"We can for instance say something about the US in general but we can't say what will happen in Illinois versus California," says Mr Karl. "That might be decades down the line. By the time we know California or Illinois may be committed to climate change very detrimental to the economy and the environment."

As if that were not enough, it may be necessary to take action on climate change before the full effects of such change are known because carbon dioxide and other emissions can remain in the atmosphere for 100 to 200 years.

Moreover, as Prof Bert Bolin, the president of the intergovernmental panel, adds, politicians will also have to come to grips with the fact that man-made climate change will always be difficult to separate from natural variations in climate. "The environment is not a machine. It is full of surprises," he said.

The scientists in Geneva, meeting under the auspices of the World Climate Research Programme, agreed on what Roger Newson, one of its organisers, described as "steps that must be taken to give answers to the questions which governments are leaning on us for".

These included a pledge to step up research into how potential effects ranging from increased flooding to more widespread drought might affect specific regions of the world.

But just at the time both scientists and politicians say more needs to be learned about climate change, scientists say governments are cutting back spending on weather observation systems.

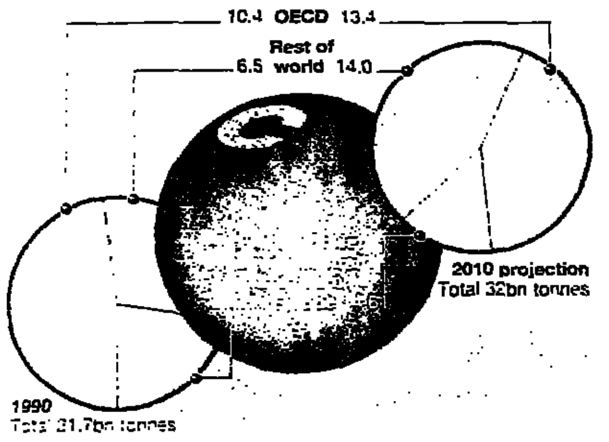
Prof Bolin says cutbacks in weather systems "betray a schizophrenic attitude on the part of modern society which accepts climate change as a threat".

Better climate data are essential not just for improving climate models but for checking their reliability against what the weather actually does.

This makes the need for a comprehensive weather observation network all the more pressing. Even if agreement is reached in Kyoto on reducing emissions, the climate change problem is likely to become more rather than less acute, says Mr Karl.

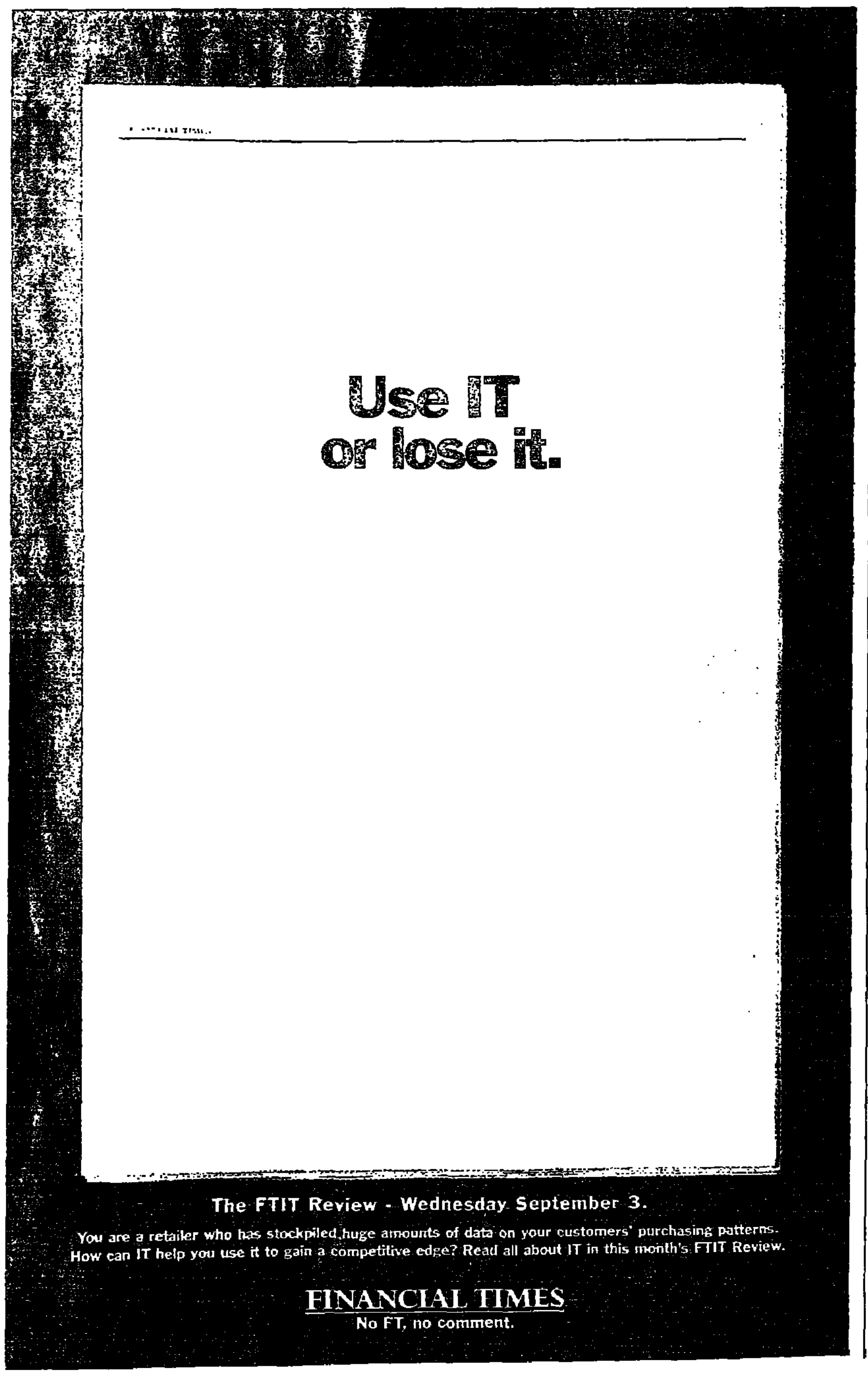
"We are in desperate need of a monitoring system so that in 10 to 20 years time we are very confident of what we see as opposed to the wishy-washy answers we are giving at present."

World carbon dioxide emissions



Greenhouse gases	Carbon dioxide parts per million by volume	Methane parts per billion by volume	Nitrous oxide parts per billion by volume
Concentration before Industrial Revolution	280*	700*	275*
Concentration 1994	356	1,720	312

Source: IEA, IPCC　　* approximately



·LETTERS TO THE EDITOR·

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What shareholders should do now

From Mr Donald B. Butcher.

Sir, One of the many instructive points made by Peter Martin ("Once upon a time", August 21) alerting us to the myth-like nature of the debate on corporate governance was that "getting the rules right in normally managed companies in normal times is a useful process".

Mr Martin refers to the "common sense" of the Hampel report, despite Hampel's whole thrust being that companies should be required to observe "principles" rather than "hard and fast rules". Hampel section 1.6 reads: "We made it clear at the outset that we would keep in mind the need to substitute principles for detail whenever possible."

Hampel's argument for putting principle above detail is that both Cadbury and Greenbury intended their recommendations to be implemented as a set of broad principles to be "applied flexibly and with common sense to the varying circumstances of individual companies". But, argues Hampel, companies "believe that the codes have been treated as sets of prescriptive rules" leading to the much-criticised practice of "box ticking".

This "belief" has arisen because "the shareholders would be interested only in whether the letter of the rule had been complied with". Hampel is in effect saying that companies, post-Cadbury/Greenbury, assumed shareholders wanted a "box-ticking" response and, therefore, followed that route. Seemingly, therefore, all this box-ticking behaviour has been based on two significant false assumptions.

"These conclusions [about the evils of box-ticking] have led us to start from the beginning and consider what is meant by corporate governance," writes Hampel in section 1.15. Yet another doomed voyage searching for a past "golden age" (more golden fleeces?) which Peter Martin warns us about?

Perhaps Victoria Griffiths' article on complexity theories ("Order out of chaos, August 22) provides the clue to a better way forward? We should look for "appropriate sensitive points and make small interventions that will trigger substantial, positive change". For example, let's try having shareholders vote on the remuneration of directors for their services as executives as well as their fees for services as directors.

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'Inexperienced' Perahia unsurpassable

From June Lait.

Sir, In speculating about an eventual successor to Sir Neville Marriner ("One man and his band", August 25), Andrew Clark reports that Murray Perahia's unpushy personality scores highly with the musicians, compensating for his inexperience as a conductor.

It seems odd to describe as "inexperienced" the man whose recordings of the Mozart piano concertos, conducting the English Chamber Orchestra from the piano, are one of the outstanding artistic achievements of the century. Not only is the piano playing in a class of its own, with some of the most brilliant cadenzas ever devised, but the glorious sound Perahia evokes from the orchestra, and the lambent intelligence with which he integrates solo and ensemble, are unlikely to be surpassed.

If experience is merely a matter of concerts given, then he is inexperienced. If quality is part of the measure, he is out in front.

This great pianist would be an ornament to any area of music in which he chose to participate. One can only hope that if his conducting expands he will not be compelled to reduce the number of recitals he gives. To some of us they are the highlight of the musical year.

June Lait,
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Derbyshire DE4 3NH UK

The lone jogger is at no risk in Central Park

From Mr Mark L. Goldsmith.

Sir, I read with great interest Roger Bray's Business Travel article about jogging on business trips ("On the run away from nowhere", August 11).

Obviously, Mr Bray has done research on New York. However, I believe his statement that you should "not jog alone" is so out of touch with reality that he needs to make another trip to New York in the near future to realise that jogging alone is not a problem in Central Park – unless of course you do it at 2am.

This goes for women as well as for men in the area of Central Park he refers to.

Mark L. Goldsmith,
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NY 10010 US

Students' share of costs should vary

From Mr Matthew Brooke.

Robert Chote ("The logic of charging tuition fees", August 25) clearly makes a good point about charging students at least part of the costs of their education. Since study is widely used as a screening device by employers, particularly for high-paying jobs, it is perfectly just that those benefitting most also pay (which presumably includes employers).

It is also well recognised that, although general taxes are used for university funding, it is overwhelmingly the middle classes who benefit. Once this is accepted, there are other important issues.

First, how should the student contribution occur? Taking out loans of several thousand pounds at the age of 18 will undoubtedly scare off many students from less prosperous backgrounds, which cannot be said of a graduate tax imposed on earnings after graduation (as well as having lower collection costs).

Second, given the differing social rates of return to education for different subjects, should not the share of cost covered by the student vary also?

Finally, on a broader level, the private rate of return to study remains highly disparate, the reasons for which are obvious; but instead of cramming more students into academic institutions, it makes inherent sense to target education more closely at the recipient, and academic learning is simply not the most appropriate way to help a third of all 18 to 21-year-olds (the current share going to university) into the labour market. Is something more practical so unthinkable?

Matthew Brooke,
Applica,
Brussels,
Belgium

Personal View · **Bruce Stokes**

The Chinese challenge

The US and Europe must have common tactics for dealing with Beijing's entry into the WTO

The most important trade challenge facing Europe and the US is how to integrate the growing Chinese economy into the global marketplace.

However, the US-led negotiations with Beijing over the terms and conditions of China's admission to the World Trade Organisation are not going well. The Clinton administration has rejected China's latest proposals, and demanded greater openness in services and agriculture and faster timetables for reducing trade barriers and subsidies.

The immediate outlook is for more argument. US and Chinese negotiators meet again in Geneva next month to stitch together a WTO deal to be unveiled at the late-October summit between Jiang Zemin, China's president, and Bill Clinton, the US president. The betting in Washington is that the negotiation will again come up short and that no deal will be possible before the next Sino-American summit, scheduled for early next year.

Whatever the hurdles, however, China's admission to the WTO is inevitable. So while the lower-level negotiators hammer out the details, senior US and European trade officials should devise a common strategy for the complications that will occur once Beijing becomes a WTO member.

Too much is at stake to delay. A mishandling of China's role in the WTO could undermine many of the advantages Europe and the US hope to gain from the present accession talks. Most important, the long-term credibility of the WTO could be hurt if China becomes a "problem" member.

The stakes for Beijing are high: the WTO is asking it to change the very structure of its economy. To meet the obligations of membership, China must wind down subsidies and protection for its industry. But the Chinese government is wary of triggering unemployment by too rapid reform.

Facing this dilemma, whatever its intentions when it signs the accession agreement, Beijing may find itself unable to meet all of its WTO commitments in a timely fashion.

In such circumstances, like any WTO member, the Chinese government can be hauled before a disputes resolution panel. But given the problems with the Chinese economy, the number of these cases could soon get out of hand. No government of a major country – be it China, Japan or the US – is likely to continue to play a game it consistently loses.

What if Beijing refuses to comply with WTO decisions or threatens to withdraw? Will Brussels and Washington back off? And if so, will the WTO then lose international credibility and future leverage over China?

To avoid such problems Brussels and Washington need to tell Beijing now which of its WTO commitments are of greatest importance to them, where failure to comply would trigger immediate WTO cases. At the same time, they need to develop a strategy for filing such cases, one that has clear, joint priorities.

The European Commission and the Clinton administration also need to find new means for dealing with Chinese trade problems, short of a wave of WTO cases that would alienate the Chinese or break the WTO. This might entail joint dumping actions or other bilateral initiatives, reserving the dispute resolution process for the biggest problems.

A mishandling of China's role in the WTO could undermine many of the advantages Europe and the US hope to gain from the present accession talks

If the Americans and the Europeans fail to devise such common tactics, they will end up doing combat with the Chinese one-on-one, a prescription for more transatlantic backbiting, finger pointing and short-sighted, behind-the-scenes deals with the Chinese.

On a functional level, China's admission to the WTO risks politicising a relatively new and fragile institution. If Beijing acts as the spokesperson for third-world interests in Geneva, the WTO could be transformed from a functional body dealing with the practical commercial concerns of the world's largest trading economies into a talking shop focused on the political interests of small, developing countries.

In other international bodies China has proved to be a follower not a leader. But followers can be foot-draggers. And if Beijing becomes a foot-dragger in the WTO, it could impede US and European Union efforts further to liberalise service trade and develop international trade norms on worker rights, the environment and competition policy.

More practically, China's admission could bloat the organisation's bureaucracy, reducing its effectiveness. If Beijing presses for Chinese to join English, French and Spanish as a working language of the WTO, costs and the time needed to reach any decision will escalate.

To head off these problems, Brussels and Washington should agree now to the creation of a formal WTO directorate of major trading nations that would take the lead in guiding the organisation. China would automatically qualify for membership in such a group once it becomes a WTO member. But Europe and the US should formalise this process before China joins to maximise their influence.

Similarly, Brussels and Washington should do whatever they can to sever the WTO from the UN personnel system before Beijing becomes a member. Among other things, such a move would help insulate the organisation from the cronyism that has long hamstrung the UN.

Finally, Chinese officials continue to confound foreigners with their lack of understanding of the implications of WTO membership. For example, Chinese experts on the WTO naively argue that entry will protect them from the many dumping cases now levelled against Chinese exports by Europe and the US. They fail to realise that while membership may change the venue of many trade battles, it will not necessarily alter the nature of the war.

To avoid such fundamental misunderstandings and to prepare the Chinese for all the practical changes they face in joining the multilateral trading system, the US should mount an education and training effort for the Chinese leadership.

In the early 1990s, Washington built into the intellectual property accords it signed with Beijing a commitment to help train Chinese lawyers, judges and customs officials in the concepts and practicalities of copyrights, trademarks and patents, so the Chinese could effectively implement the deal.

The WTO has instituted some training for Chinese officials to help them to implement Beijing's eventual WTO commitments. But additional European and US funds and expertise are needed to involve a range of Chinese in the training effort – not only officials from the trade ministry but administrators from all parts of the bureaucracy and entrepreneurs from the emerging private sector.

In the end, it is not only the terms of China's accession to the WTO but the nature of its participation that matters to Europe and the US. Even as they rush to complete the accession negotiations, Brussels and Washington need to lay the groundwork for dealing with this long-term China challenge.

Unless the EU and the US can work together, they will have no choice but to cope independently. And that will not be in the interest of the WTO, Europe, the US or transatlantic relations.

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FINANCIAL TIMES

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Friday August 29 1997

Thrown by a sick tiger

Malaysia's latest attempt to halt the attacks on its currency and stock market by clamping down on short selling of equities has rebounded against it. Shares responded with a 4 per cent fall, while the ringgit slipped to a new historic low, sending other regional markets sharply lower.

Mahathir Mohamad, Malaysia's prime minister, may be notching up some points with his domestic public by raging against foreign speculators, but he is in danger of undermining international confidence in Malaysia's ability to handle its economy smoothly. Besides, outside speculators are less likely to be responsible for selling Malaysia's currency than its own citizens.

As Thailand has already found to its cost in the foreign exchange market, measures to curb trading activity are not the answer when pressures are building up for fundamental reasons. Capital controls such as Thailand introduced in May and Malaysia's intervention yesterday in the equity market are counter-productive. They deter genuine long-term investors.

The lesson from markets across south-east Asia is that policy changes are needed to improve the region's competitiveness in the face of a vast increase in China's manufacturing capacity and Japan's failure to act as an economic locomotive.

Sadly, apart from Thailand whose policies are being forcibly changed by the International Monetary Fund, the region's policy response to date has been little more than palliative. Even in Thailand there is doubt whether a weak government can push through the changes required.

Instead of blaming George Soros and his ilk for its troubles, Malaysia needs to steer its overheated economy towards a lower growth trajectory. This means curbing grandiose projects like the new capital, which is so dear to Dr Mahathir's heart but which promises scant financial return. Bank credit, which has still been growing at about 30 per cent this year, also needs to be reined in, as does domestic consumption. Malaysia, which is behind Thailand in the cycle, is one country where interest rates may need to be raised.

More generally, a crisis which began with last year's slowdown in exports has exposed financial sector weakness across the region. Governments must bear a considerable share of the blame because they failed to supervise their banks properly or to appreciate the impact on domestic credit of the large liquidity boost that followed the export boom of 1994 and 1995.

Both Thailand and Malaysia have moved too slowly in upgrading their skills as they were priced out of basic manufacturing.

There is no reason why Asian growth rates should not eventually recover. Apart from Thailand fiscal positions are generally sound. Asset price deflation is unlikely to be as severe as that which has faced Japan. But governments need to make a clear start on upgrading the skills of their workforce and set out policies on financial sector reform that will allow their banks to intermediate domestic savings safely and productively.

Those that do will come through the crisis more quickly than those which just sit on their hands.

Colonial dues

The review promised by Robin Cook, the UK foreign secretary, of Britain's 13 dependent territories gives the government the opportunity to right a wrong. It should be used to return to 150,000 people in the remnants of the British Empire what they should never have been deprived of in the first place: British citizenship and the right to settle and work in the UK.

Citizenship is already the right of the 30,000 people of Gibraltar and the Falkland Islands. There is no reason – save the specious one that it would seem hypocritical after refusing citizenship to the people of Hong Kong – why it should not be extended to the other eight populated territories.

Citizenship is no panacea for whatever problems face these former colonies: Mr Cook rightly emphasised that there is no single solution for all. For some – such as Saint Helena – the right to work in the UK is of enormous potential economic importance, and may reduce in time the need for British aid. For others, proper British passports will offer little more than reduced hassle at European border posts. For all, citizenship would lay to rest worries that Britain's plan is to ditch them against their will, worries that have been deepened by the confusion over the volcano-stricken dependency of Montserrat.

Above all though, Britain has a moral obligation to the people of the former empire. On taking office, Mr Cook announced a new moral and ethical dimension for British foreign policy. Granting citizenship to the people of Britain's former colonies would signal forcefully that he meant what he said.

Backing Plavsic

Sfor – the Nato-led stabilisation force in Bosnia-Hercegovina – is now heavily engaged on the side of Biljana Plavsic, the Bosnian Serb president, in her power struggle against Radovan Karadzic, her predecessor. Its involvement was raised another notch yesterday when US forces came to the aid of pro-Plavsic loyalists trying to evict Karadzic supporters from police stations in the northern towns of Brcko and Bijeljina. In both places, as well as in Doboj, Sfor troops came up against "local residents" wielding sticks, stones and petrol bombs.

It is vital that Sfor commanders, and the western governments behind them, do not let themselves be intimidated by this sort of "popular resistance". There is a good deal of evidence that Mrs Plavsic is in fact more popular than Mr Karadzic among ordinary Serbs, especially in the northern area round Banja Luka which she precariously controls. The way to test that is not through street-fighting but in elections, which she has called for October but which her opponents are trying to obstruct. In any case, Sfor and its civilian masters have too long tolerated the de facto power of Mr Karadzic, who under the Dayton agreement is disqualified from public office until he has answered charges of war crimes before the international tribunal.

Mrs Plavsic is no saint. During the war she was an ardent advocate of "ethnic cleansing" and helped organise the shelling of Sarajevo, which caused many civilian deaths and is one of the counts on which Mr Karadzic is wanted in The Hague. Her popularity stems not from any recantation of such extreme nationalism but from her personal honesty and her denunciation of the flagrant corruption and profiteering of Mr Karadzic and his clique, who have grown rich by bringing destruction and ruin on their own people.

Like other Serb leaders Mrs Plavsic is committed to maintaining a separate Serb state in Bosnia with as little interference by non-Serbs as possible. Nor is she prepared to hand over Mr Karadzic to the war crimes tribunal. The best that can be hoped is that she would make only token protests against his arrest.

But unlike Mr Karadzic's supporters, Mrs Plavsic has understood that only with international support does the Bosnian Serb state have any hope of survival. If Nato pulls out next year leaving that state in anything like its present condition it could well be overrun by a Moslem-Croat offensive, which would drive most of its population into refugee camps across the Drina river.

It is therefore in her own people's interest, and in that of Bosnia as a whole, that Mrs Plavsic should win, and indeed that her victory be seen to be achieved with international backing so that she remains dependent on it.

Such an outcome would greatly increase the authority of the international community, enabling it to insist much more effectively on the implementation of the Dayton accords, including freedom of movement and expression throughout Bosnia and the unmolested return of those refugees who are prepared to go back across today's ethnic borders.

The honeymoon ends here

It is the big issues to come that will bring trouble for Tony Blair, not passing summer squalls, argues **Philip Stephens**

Honeymoons are never forever. Tony Blair has not yet known personal unpopularity. Nor, during his stewardship, has the Labour party seen anything but success. Four months after becoming UK prime minister, Mr Blair has been feted as no other British politician in living memory. Amid the brutal euphoria accompanying the dispatch of John Major's Conservatives, he was anointed as much as elected.

In spite of the seasonal hysteria about banana skins and bungles, the prime minister still seems to stands above the political fray. His lieutenants may have been dropping the simplest of political catches. But Mr Blair was taking a well-earned rest in Italy. Or was it France? No matter. Well-rested and well-fed, the team captain has now returned to Downing Street. All is well.

Except, of course, that it isn't. Or rather, it won't be. Mr Blair's standing in the opinion polls may always run ahead of his party's. He is that sort of leader. But some time during the next year or two, government and prime minister will fall from grace. It is then the voters will be beginning to judge it on the central promise of its manifesto: that it will deliver a markedly fairer, more inclusive society, within an economic straitjacket tailored by its Tory predecessor. It cannot be done. And for an administration accustomed only to acclaim, discovering what it is like to be unpopular will be as unnerving as it is novel.

None of this is to invest great significance in the events of recent weeks. The nation was always going to wake up at some point to the fact that it had elected a bunch of politicians, not saints. But the so-called month of misery, the August angst and the rest of it owe more to the alliterative desperation of headline writers than to political reality.

The news that John Prescott, Mr Blair's deputy, is no admirer of Peter Mandelson, Whitehall's fixer-in-chief, was a revelation only to the eager young correspondents who clamour for airtime on BBC bulletins. As for Montserrat, Clare Short's less than tactful pronouncements on the plight of the volcano-stricken Caribbean island may have enraged a few liberal spirits. But, sad to say, most are probably indifferent to the fate of this relic of empire.

Another kerfuffle, this time over the planned millennium dome, did remind us Mr Blair can make mistakes. Investing hundreds of millions of pounds in a Teflon-coated tent by the Thames is a futile exercise in self-aggrandisement. He should have scrapped the project. The nation would be content to mark the millennium with a riverside park and a few fireworks.

Then there is the dire condition of the Labour party in Scotland, where two of its MPs stand suspended. At town hall level much of that country is run as a one-party state. Those in control of Labour's fiefdoms in Glasgow and Scotland's central belt have never had much time for what others might call political propriety. The inquiries set up by Mr Blair promise to unearth some pretty grim skeletons.

In the scale of things, though, these are the small change of politics – unpleasant irritants, but seriously hazardous only when they coincide with bigger failures. It was not sleaze that sank the Conservatives, but its juxtaposition with woeful incompetence and unbridled arrogance. And those who would have it that Mr Blair is already in trouble might look back to 1992. At this point in the political cycle, Mr Major was returning from his post-election break to the cataclysm of sterling's ejection from the European exchange rate mechanism. Mr Blair has a 20-point-plus lead in the polls.

Yet sooner or later all governments lose their shine. Clement Attlee's landslide Labour victory in 1945 was followed by a sustained erosion of its popular support. Within two years, the Conservatives had closed the gap. Margaret Thatcher's first administration fell from favour within months. By 1981 she headed one of the most unpopular governments on record. It was saved only by Labour's lunacy and the Falklands war.

The prime minister's response to the summer squalls has been to signal he intends to concentrate on the big political picture. His focus, he will tell you, is fixed nowadays on a horizon two or three years out, no longer on the front pages of tomorrow's newspapers. Of course, he could hardly have intimated otherwise. It would have been curious to suggest he was devoting his time to the day-to-day trivia of politics. But implicit in his message was an acknowledgement that it is with the big issues – the economy, the health and education services, Europe, constitutional reform – that the real perils lie.

For all his more ample waistline, he was not entirely idle during his summer break. We know Mr Blair likes to spend time with his family. But there are limits. Within a week of arriving in Italy, he was asking his office to send out a hefty bundle of briefing papers on the questions most likely to vex the government.

He knows better than most of his ministers that from now on, it can only get harder. Aides will tell you he is obsessed with implementation. Before the election came the promises, vital to the credibility of New Labour, but mere promises nonetheless. Since polling day, we have had the announcements, the timetable for action. But the government will not be judged on its capacity to instigate reviews; nor even on how many laws it passes. The voters will want more concrete proof that it is delivering on its core pledges.

Some of the traps are obvious. Even if the devolution referendums next month in Scotland and Wales bring a resounding "yes" vote (and the outcome in Wales is far from certain), they will mark the start not the end of what promises to be a tortuous process. So far the electorate has seemed indulgently indifferent to the government's preoccupation with the constitution. That may change if things start to go wrong elsewhere.

Nor has Europe gone away. Within a few months, Britain's partners may well have clinched a decision to press ahead with a single currency. Mr Blair will have to square the circle of standing aside at the outset while preserving the influence in European affairs he deems vital to the national interest.

As to the economy, the government has already made its choices; many would say its mistakes. Gordon Brown's Budget judgment underestimated the momentum behind the present consumer boom. The four small rises in interest rates since the election may not be enough to cool the economy. But the chancellor does not have a second chance this year on taxes. And the judgment on interest rates and sterling now lies with the Bank of England. Only eternal optimists will tell you with conviction that the collective wisdom of the Bank's newly installed monetary policy committee assures a soft landing.

A recession would wreck much else. Welfare to work is the government's mantra. Mr Brown intends to invest more than £3bn ($4.9bn) in a programme to put the young and long-term unemployed back to work. Even in good times, there would be no guarantee the scheme would work. But in a downturn its impact would be swamped by a rising jobless total.

But it is on its central strategic purpose – to set social cohesion alongside economic orthodoxy – that the Blair administration will be judged. The prime minister does not promise equality of outcome, the always unfulfilled ambition of Old Labour. He has pledged, though, that the market economy will not preclude a rough equality of opportunity. The government will transform education, health and other services while sticking to harsh spending targets set by its predecessor. The promise is of gain without pain.

Whatever his horizon, Mr Blair must see by now it is an impossible task. Sure, money is not everything. There is always scope in the public sector to improve efficiency. And he is right in judging that tougher standards are central to improving Britain's education system. Beyond that a few extra pounds will doubtless be found by shuffling budgets at the end of Mr Brown's fundamental look at Whitehall spending (though the evidence so far from the defence review suggests it will be a rather timid affair).

In the meantime, hospital waiting lists will continue to lengthen and school classrooms will become more crowded. Because the reality is that the shares of national income which Britain allocates both to education and to health are measurably below those required to realise Mr Blair's ambitions. Both need more money, and lots of it.

In the medium- to long-term, the extra money can come from only one of two places: higher taxes or the radical overhaul of the welfare budget often promised by New Labour but as yet still completely out of sight. As of now, the rising costs of pensions and other social security benefits pre-empt every other spending decision taken in Whitehall.

Mr Blair could opt to play it safe, to ride out the inevitable mid-term blues on the cushion of a huge parliamentary majority and disarray among his Conservative opponents. Whatever the gathering clouds, he would have to work pretty hard to miss a second term. But there is an irony here which should not be lost on the prime minister. His impregnable position allows him a leeway most of his predecessors could only dream of. If he wants to be radical, he can be. And if he really wants to make a difference, he must be.

· OBSERVER ·

Back seat driver

■ In many countries, ministers steer clear of feuds with big foreign investors. But standing up to multinationals can be a popular move in India, so the spat with Suzuki Motor of Japan may do the wobbly United Front coalition government no harm.

Industry minister Murasoli Maran made clear some months ago that he was taking over the steering wheel of Maruti Udyog, the state's 50-50 joint venture with Suzuki which dominates India's car market. Managing director R.C. Bhargava was retiring, and it was the government's turn to make the appointment.

Maran waited until Wednesday, Bhargava's last day at work, then picked R.S.S.L.N. Bhaskarudu – who's been with the company for 14 years – just in time for the afternoon board meeting. By this time, nearly 50 New Delhi journalists, sensing a good row, were milling around Maruti's foyer, jostling blue-shirted employees who were waiting for a farewell party for the retiring MD. Everyone had to wait until the evening for an industry ministry bureaucrat to make the formal announcement.

As reporters and employees mobbed the boardroom, Suzuki's representatives on the board – who had apparently wanted someone with more market savvy than Bhaskarudu, a nuts-and-bolts production man – slipped away quietly to prepare yesterday's protests.

Official line

■ It isn't easy being the Czech government spokesman: the economy's in the doldrums, ministers are fighting like weasels in a sack, and prime minister Vaclav Klaus is more detached than ever. So it's not much of a surprise that Ivo Strejcek has had enough, after less than a year in the job.

Klaus is a notoriously difficult boss – Strejcek was the third spokesman in four years – and has a strong antipathy to the press, even though Lidove Noviny, a liberal Prague daily, gives him regular space to write a tedious column.

Candidates to succeed Strejcek should be thick-skinned and prepared to return the occasional phone call. It would also help if they could get Klaus to tell them what's going on – a well-informed spokesman would really be something new.

Clerical choler

■ The falling-out among the old allies in the Philippines democratic revolution is getting more serious: Cardinal Jaime Sin, the political prelate, and former president Corazon Aquino have called for a mass rally in protest against moves to prolong President Fidel Ramos's stay in office. Sin and Aquino led the uprising which ousted the late strongman Ferdinand Marcos in 1986. Now they are raising the old cry of People Power against their former comrade Ramos.

Ramos keeps saying he'll step down at the end of his term next June, but many think he's got to like the trappings of high office. Why else, they ask, does he keep pledging his support for constitutional change which would allow him to run again?

The stakes for the September 21 rally – the 25th anniversary of Marcos's declaration of martial law – have been raised by Jo Almonte, the president's hard-nosed national security adviser, who has cast doubt on the cardinal's ability to draw the sort of popular support he commanded a decade ago. With the economy reeling from the region's currency woes, foreign investors aren't happy about the prospect of political unrest.

Late payment

■ The 11,000 Italian employees of Olivetti, the struggling communications group, aren't amused by a little notice pinned around the company's factories and offices. From now on, they will be paid on the fifth of the month following their labours, rather than on the 27th of the month they have worked.

The unions say it's a transparent ruse to dress up the company's shaky balance sheet: full-year results won't include December salaries, which will be paid on January 5.

The company, undergoing heavy restructuring to cut debts and losses, said the move was simply designed to improve cash management: its monthly salary bill is "only" $30-40m, which looks paltry beside debts at the end of June of more than $1.5bn. But then again, every little helps when you're struggling for survival.

Party split

■ US government mediators have reason to celebrate: the Federal Mediation and Conciliation Service has just marked its 50th anniversary by helping to settle the UPS strike. So staff were looking forward to their shindig at the Omni Shoreham Hotel in Washington – until they discovered that the hotel is involved in its own industrial dispute. Not wanting to let work spoil a good party, they've now divided the revels between two hotels where labour and capital are in harmony.

The Financial Times

50 years ago

Dutch Diamonds Return
Amsterdam, 28th August. Diamonds with a pre-war value of Fls 6,000,000 (17,096 carats) looted by the Germans were to-day returned by the American authorities to Holland. The diamonds were looted in 1942 from the Amsterdam diamond exchange and deposited in the strong-rooms of the Amsterdamsche Bank at Arnhem. At the end of 1944 the strong-rooms were broken open and the "Amsterdam Diamonds" disappeared into Germany. After long investigation they were at last discovered in a salt mine at Friedrichsroda, whence they were transferred to the Frankfort Reichsbank.

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FINANCIAL TIMES
Friday August 29 1997

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Norwegian gas find may match size of Troll field

By Robert Corzine in Stavanger

A natural gas discovery announced yesterday in the Norwegian Sea could be one of the biggest found in western Europe, according to petroleum industry experts.

Norsk Hydro, the Norwegian industrial conglomerate, announced that the Ormen Lange well being drilled in a largely unexplored deep water in the Norwegian Sea had encountered natural gas in the upper reaches of its target reservoir.

The company declined to estimate the size of the discovery. But industry experts in Stavanger, the centre of Norway's petroleum sector, said it could be as large as the giant Troll field, western Europe's largest offshore gas field and one of the European Union's prime energy sources.

Troll, a Norwegian field in the North Sea, contains about 1 per cent of the world's total gas reserves.

A giant discovery, if confirmed, would give Norway a boost in its battle with Russia and Algeria for market share in the fast-growing European gas sector. It could also improve the country's negotiating position with the EU, which is debating a gas directive to liberalise Europe's gas industry.

Norway, which is not an EU member, is concerned that the directive might undermine the traditional long-term supply contracts which it says are needed to ensure the development of remote offshore gas fields such as Ormen Lange.

Ranveig Froiland, Norway's minister of petroleum and energy, has warned European gas buyers that scrapping the present supply arrangements may result in higher rather than lower prices if it led to fewer fields being developed. "We have a very integrated system that allows us to combine output from different fields," she said. "If in future we can't approach the system the same way, it might lead to higher prices."

Exploration in the Norwegian Sea is being watched closely by the international oil industry, as the area is seen as one of the few in western Europe where large oil and gas fields may still be found.

Experts say there may also be a chance that some oil will be discovered around Ormen Lange.

If additional drilling confirms the size of the latest discovery, gas from Ormen Lange is likely to form a key part of Europe's energy mix in the next century. Experts estimate that it will take 10 years and billions of dollars to develop a Troll-size field in the deep water of the Norwegian Sea, because there is no established infrastructure of pipelines or platforms in the area.

Norsk Hydro's partners in Ormen Lande include Shell, Esso, Statoil, Norway's state oil company, and the Norwegian state, which has the biggest single share.

Brazilian soccer star sold for record $35m fee

By Patrick Harverson in London and David White in Madrid

Soccer's version of the arms race hotted up yesterday when Real Betis of Seville bought the 20-year-old Brazilian winger Denilson from Sao Paolo for $35m, making him the world's most expensive player.

The deal eclipses the $27m Inter Milan of Italy paid two months ago to another Brazilian forward, Ronaldo, to allow him to buy himself out of his contract with top Spanish club Barcelona. It is further evidence of the massive inflation in the worldwide transfer market caused by ambitious clubs outspending each other in a frantic attempt to secure the sport's top players.

Combined with the $20m that Atletico Madrid paid for Juninho and the similar sum Barcelona paid for Rivaldo this month, European clubs have spent more than $100m on just four Brazilian players this summer. Determined not to be outdone, British premier clubs have spent nearly $200m on transfer fees since June.

The huge amounts of money being paid for sports stars in Europe are being matched by salaries in the US. Yesterday Michael Jordan, basketball's best player, signed a new one-year contract with the Chicago Bulls for a reported $36m, while earlier this month baseball's Atlanta Braves agreed to pay Greg Maddux, their star pitcher, a record $57.5m over the next five years.

By contrast, soccer's salaries are much smaller. Denilson, known, like other Brazilian players, by a single name, will be paid a salary of $30m over the next 11 years. However, in the contract, Betis has included an astronomical severance payment of Pta65bn ($428m) under an "armour-plating" clause – the sum to be paid to break the player's commitment to the club. The clause is designed to deter rivals from luring the player away during his contract.

Excitement in Seville yesterday over the signing was somewhat muted by the news that Denilson will not be joining Betis until after the World Cup in France next summer. The Spanish club agreed to allow him to stay in Brazil so he could prepare to help the national team defend its world title. But Betis managers have indicated that the club is ready to increase the transfer price in order to secure him before the end of the year.

It is believed the move was made possible only through the personal fortune of Manuel Ruiz de Lopera, the club chairman, and one of Spain's richest businessmen.

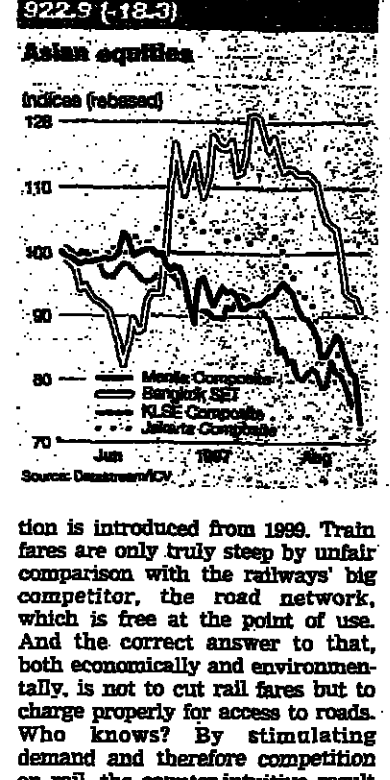
THE LEX COLUMN

Doctoring the markets

Asia's *dirigiste* habits are starting to cost it dear. Two months ago it faced manageable currency turbulence. Thanks to some hapless political blundering, it is now experiencing much broader market turmoil. The latest own-goal comes from that high priest of interventionism, Mahathir Mohamad, Malaysia's prime minister. Undeterred by his hapless forays into the currency markets, he is now trying to bully the stock market into submission. The effect has been quite the opposite, with share prices plunging across the region.

For investors, this is a very bleak tale. So long as sentiment continues to weaken, it is irrelevant that markets may look fairly cheap; or that some have been unfairly tarred by association. Until there is some good news – at the very least, currency stability – there is no benefit to be had from trying to call a bottom in stock markets. Meanwhile, the crass interventionism of Dr Mahathir will have scared some foreign investors away for a long while. Then there is the question of corporate profits: markets have yet to wake up to the unprecedented prospect of flat or negative economic growth next year. When they do, earnings downgrades will be a dime a dozen.

FTSE Eurotop 300 index
922.9 (-18.3)



Transport pricing

Tut tut. According to UBS, Britain has the highest long-distance rail fares in the world. What a scandal. Or is it? Britain's high train fares merely reflect low levels of subsidy. In other words, more of the cost is borne by those who use the service (passengers) than those who do not (taxpayers) – hardly an obvious injustice. Moreover, as the big subsidy bills suggest, transport is all too often underpriced, especially in rush hours. Hence there are classic symptoms of demand exceeding supply: clogged, crawling roads and crammed commuter trains. Higher prices actually help. They both suppress demand (in practice, shifting it off-peak) and make more investment viable.

Look at the problem this way and there is nothing particularly odd in Britain's long-distance train operators being free to charge what the market will bear. That, after all, is precisely the policy of the airlines with which they are often competing. And any remaining monopoly power on the rail network should soon disappear, when open competition is introduced from 1999. Train fares are only truly steep by unfair comparison with the railways' big competitor, the road network, which is free at the point of use. And the correct answer to that, both economically and environmentally, is not to cut rail fares but to charge properly for access to roads. Who knows? By stimulating demand and therefore competition on rail, the counter-intuitive result might even be cheaper train travel.

SBC Warburg

In the heady world of City finance, a £480,000 ($782,400) fine will not break the bank – particularly the Swiss Bank behind SBC Warburg, which was yesterday disciplined by the UK's Securities and Futures Authority. But at least the SFA has shown it can clamp down on failures to control the inherent and substantial conflicts of interest created by the development of integrated investment banks like SBC. Besides, SBC's embarrassment will probably count for more than its financial loss.

SBC breached regulatory principles on two separate deals. In the case of a substantial programme trade for a Kleinwort investment trust, there was a clear breach, and the client was rapidly compensated for the substantial sums it could have lost. The more problematic case was that of contracts for differences – quasi-options – on electricity shares. These first came to light when Trafalgar House bid for Northern Electric in December 1994. Trafalgar had contracts on various electricity shares, representing a one-way bet that these would go up when it announced its bid. It now transpires that SBC thought these such a good idea that they marketed them to other potential bidders. The corporate finance division – which marketed the deal – never told the market makers – which implemented it – what was going on. But the compliance department acted as middle man. And in one transaction, it did so in such a way that the market makers guessed there was a bid in the offing and bought loads of electricity shares.

SBC's problems highlight the need to seal an investment bank's proprietary trading business from its corporate advisers effectively. The SFA doubtless considers yesterday's events a warning shot to other City banks to ensure the strength of their Chinese walls. But it would have created a more powerful deterrent if it had managed to tie down this "serious offence" in less than three years.

British Waterways

Fancy buying shares in Britain's canals? The notion is not as far-fetched as it sounds. Even if British Waterways is fighting shy of full-blooded privatisation, the nationalised company is plainly straining at the government's leash. And with good reason.

The development potential around BW's 2,000 miles of canal must be considerable. Yet the company's ability to finance the necessary investment, when the priority for its cash has to be its big maintenance backlog, is limited by public sector borrowing rules.

Why, though, is BW suggesting a half-way house – becoming a private sector trust – not a proper company? Part of the attraction is doubtless political; a trust sounds cuddly. But the government should not be fooled. Even a privatised British Waterways would need subsidy – lots of it. Yet a trust, especially one controlled by canal-lovers, would have little real incentive to cut costs or launch controversial developments. It would always have the government over a barrel: give us more cash, or risk embarrassing publicity about neglecting the heritage.

It would surely be far better to franchise groups of canals to private companies for longish but limited periods, in return for declining dollops of subsidy. That way investors, as on the railways, would have the spur of self-interest to press for efficient and imaginative uses of the network.

Shares in Roche fall

Continued from Page 1

recommendations, and it planned to resubmit the application within the next few months. Meanwhile, it continued to work on registering the drug in all markets outside the US.

Roche non-voting certificates, the most widely traded security, fell SFr745 to SFr12,600 yesterday after the news. Stock market analysts estimated that the withdrawal of the drug application could delay the US launch of Xenical by a year. This would hurt group's 1998 earnings.

Salomon Brothers, for example, had been projecting a compound growth rate in Roche's earnings of 29 per cent a year between 1997 and 2001. It had estimated that Xenical could have potential sales of SFr2bn ($1.3bn) a year.

Nippon cuts

Continued from Page 1

added. The job cuts will start with a reduction of 600 this fiscal year, followed by about 300 after that.

NCB first suggested cutting staff earlier this summer, proposing reductions of only 20 per cent.

It is understood that the job losses will be largely achieved as a result of a hiring freeze and large-scale early retirement.

However, non-Japanese staff overseas have also been laid off as NCB has been forced to close several offices abroad.

US troops clash with Karadzic faction in Bosnia

By Guy Dinmore in Belgrade

US troops of the Nato-led Stabilisation Force in Bosnia clashed yesterday with crowds supporting Radovan Karadzic, the former Bosnian Serb president, as the power struggle between rival nationalist factions erupted into violence for the first time.

Western officials said sporadic small-arms fire could be heard in the northeast town of Brcko where hundreds of people, summoned into the streets by air-raid sirens and the local pro-Karadzic radio station, pelted US troops with rocks and firebombs.

A Bradley armoured vehicle was hit by a petrol bomb and US helicopters dropped tear gas to disperse about 1,000 people. At least one US soldier was injured, a Nato spokesman said. UN civilian police were evacuated from their base after 15 of their vehicles were destroyed.

The clashes erupted after police under Biljana Plavsic, the Nato-backed Bosnian Serb president, tried to take over a police station in Brcko controlled by hardline nationalists loyal to Mr Karadzic. Nato said it sent in troops to keep the peace but they were then targeted by pro-Karadzic mobs.

Officials also reported a tense stand-off between US troops and crowds protecting a police station in the nearby town of Bijeljina.

Nato has taken a strong line in supporting Mrs Plavsic since she precipitated the power struggle in June, accusing Mr Karadzic, an indicted war crimes suspect, of corruption and undermining her authority.

Nato-led troops last week helped the president take control of all police buildings in her northwest stronghold of Banja Luka. But officials said yesterday this interventionist policy was under review as the situation deteriorated.

"There's clearly a need to identify what line to take with regard to supporting Plavsic," Duncan Bullivant, a spokesman for the office of the civilian High Representative, said in Sarajevo. "The line of constitutionality has been crossed."

The US special envoy to Bosnia, Robert Gelbard, is due to visit Belgrade today. He is expected to press the Yugoslav president, Slobodan Milosevic, to use his authority over the hardline nationalists to try to end the crisis.

Diplomats dismissed reports that Mr Milosevic would fly to Banja Luka to meet Mrs Plavsic. The two regard each other with intense hostility.

Diplomats said there was little chance of full-scale war breaking out. The Bosnian Serb army, though split between the two factions, is under tight Nato control with heavy weapons confined to storage sites.

Editorial Comment, Page 13

FT WEATHER GUIDE

Europe today

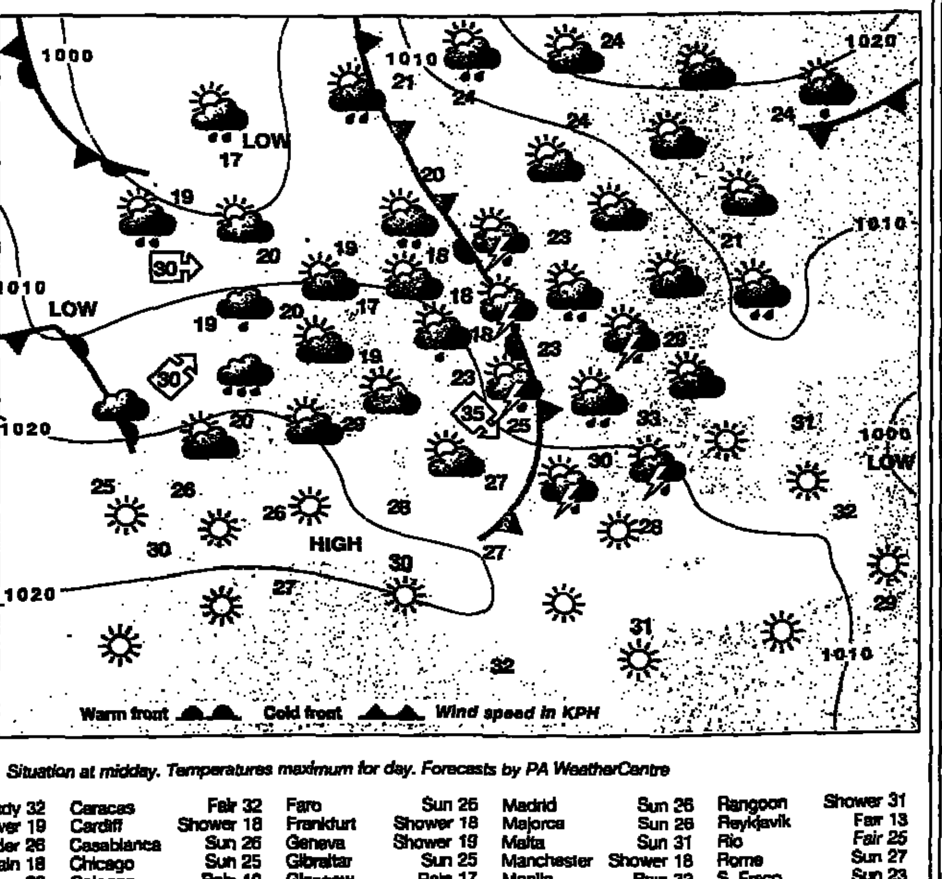
A front extending from Norway across central Europe and into the Mediterranean separates very warm and humid air to the east and much cooler air from the Atlantic to the west. This front will bring cloud and thundery rain to south-western Scandinavia, Poland, the Czech Republic, Slovakia, Hungary, Romania and the Balkans. The areas farther east and north-east will be dry and warm with hot sunshine, although southern Russia will have a few thundery showers.

Western Europe will be cooler, but bright with sunny spells and a few showers. Western France will turn dull and wet.

Five-day forecast

An area of high pressure will build over the Mediterranean, bringing fine, sunny weather to central Europe. A cold front will introduce much cooler air into north-east Europe on Monday.

Low pressure will develop over Spain and France by Tuesday, bringing thundery showers.



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

	Maximum Celsius										
		Beijing	Cloudy 32	Caracas	Fair 32	Faro	Sun 25	Madrid	Sun 26	Rangoon	Shower 31
		Belfast	Shower 19	Cardiff	Shower 18	Frankfurt	Shower 18	Majorca	Sun 26	Reykjavik	Fair 13
Abu Dhabi	Sun 39	Belgrade	Thunder 26	Casablanca	Sun 26	Geneva	Shower 19	Malta	Sun 31	Rio	Fair 25
Accra	Fair 27	Berlin	Rain 18	Chicago	Sun 25	Gibraltar	Sun 25	Manchester	Shower 18	Rome	Sun 27
Algiers	Sun 27	Bermuda	Shower 29	Cologne	Rain 19	Glasgow	Rain 17	Manila	Rain 32	S. Frsco	Sun 23
Amsterdam	Shower 19	Bogota	Cloudy 18	Dakar	Fair 30	Hamburg	Shower 19	Melbourne	Cloudy 16	Seoul	Shower 30
Athens	Shower 31	Bombay	Cloudy 32	Dallas	Sun 36	Helsinki	Fair 24	Mexico City	Cloudy 26	Singapore	Drzzl 32
Atlanta	Fair 32	Brussels	Shower 18	Delhi	Thunder 30	Hong Kong	Thunder 33	Miami	Fair 33	Stockholm	Fair 24
B. Aires	Fair 29	Budapest	Thunder 23	Dubai	Sun 41	Honolulu	Sun 32	Milan	Sun 26	Strasbourg	Cloudy 19
B.Ham	Cloudy 19	C.Hagen	Thunder 20	Dublin	Shower 18	Istanbul	Sun 30	Montreal	Shower 22	Sydney	Fair 18
Bangkok	Thunder 35	Cairo	Sun 32	Dubrovnik	Thunder 25	Jakarta	Fair 32	Moscow	Sun 25	Tangier	Sun 27
Barcelona	Sun 24	Cape Town	Shower 17	Edinburgh	Shower 18	Jersey	Shower 19	Munich	Rain 20	Tel Aviv	Sun 31
						Karachi	Fair 36	Nairobi	Fair 24	Tokyo	Fair 30
						Kuwait	Sun 43	Naples	Sun 26	Toronto	Sun 23
						L. Angeles	Sun 27	Nassau	Fair 32	Vancouver	Cloudy 20
						Las Palmas	Sun 27	New York	Shower 26	Venice	Fair 23
						Lima	Fair 23	Nice	Sun 27	Vienna	Shower 18
						Lisbon	Sun 25	Nicosia	Sun 32	Warsaw	Cloudy 23
						London	Fair 20	Oslo	Thunder 21	Washington	Fair 30
						Lux.Bourg	Cloudy 17	Paris	Fair 20	Wellington	Fair 13
						Lyon	Fair 22	Perth	Fair 16	Winnipeg	Thunder 25
						Madeira	Fair 25	Prague	Rain 18	Zurich	Shower 16

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COMPANIES & MARKETS
Friday August 29 1997 Week 35

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IN BRIEF

Renault sells Volvo shares

Renault has ended its failed collaboration with Volvo by selling its remaining stake in the Swedish car and truck group. Page 18

Citic pursues revamp after steady rise
Citic Pacific, the Hong Kong arm of Beijing's flagship investment vehicle, is to expand its infrastructure activities following a steady increase in net profits for the first half. Page 16

Optus in red after pay TV charge
Optus, Australia's second-largest telecommunications group, reported a A$411.8m (US$305.2m) loss in the year to June 30, against a A$60.3m profit the previous year, after a A$423.4m charge relating to its loss-making Optus Vision pay TV unit. Page 17

T&N proposes piston link
T&N, the UK automotive engineer, is to propose a combination of its piston business with that of Pierburg Kolbenschmidt, a company to be created by the merger of the automotive interests of Rheinmetall, the German conglomerate, and Kolbenschmidt, the engineering group. Page 19

Novartis lifts income by 27%
Net income at Novartis, the Swiss pharmaceutical company formed from the merger of Sandoz and Ciba, rose 27 per cent to SFr3.1bn ($2.03bn) in the first six months, helped by sales growth and improved operating margins. Page 18

Brazilian utility sale attracts interest
The southern Brazilian state of Rio Grande do Sul said 15 banks and electricity companies had expressed an interest in its planned sale of two electricity distribution companies. Page 18

ING and Fortis to pursue takeovers
ING and Fortis, two of the biggest Benelux financial groups, each reported profit increases of 28 per cent and said they were pursuing further takeovers. Page 16

Profits flat at Hong Kong group
Hutchison Whampoa, run by Li Ka-shing, the Hong Kong businessman, reported flat net profits for the first half. Page 16

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
BMW Pref	920	+	10	Synthelabo	725	+	11
Victoria Hldg	1555	+	20	**Falls**			
Falls				BIC	438.5	–	36.5
GEA Pf	694	–	15.5	BNP	263.5	–	12.8
Hamburg Elekt	445	–	10.5	Chrstn Dior	891	–	32
Linde	1205	–	15	Guilbert	786	–	16
Mannesmann	853	–	12.6	Labinal	1461	–	84
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Bouygues Off.	21⅝	+	1⅝	Green Cross	449	+	35
Diamond Off	54⅝	+	3½	Marudai Food	420	+	28
Evans Withycmb	23⅜	+	1⅜	Shokusan Jut	120	+	18
Falls				**Falls**			
Indosat	22⅛	–	2⅝	Kaneka	760	–	28
PT Telekomun	20⅛	–	2⅝	NOK Corp	780	–	30
RM Titanium	22⅝	–	4⅞	Pioneer	2460	–	110
LONDON (Pence)				**HONG KONG (HK$)**			
Rises				**Rises**			
Caird Grp	775	+	53	Shanghai Indl	54.0	+	1.0
Isotron	422½	+	37½	**Falls**			
Leigh Int	173	+	21	Cheung Kong	87.25	–	5.0
Falls				China Mtr Bus	70.0	–	4.0
HSBC 75p	1960½	–	150½	Hutch Whamp	71.25	–	6.0
Rolls-Royce	235½	–	19	New Wrld Dev	48.7	–	4.3
Stand Chart	874	–	103½	Swire Pcfc A	63.0	–	2.75
TORONTO (C$)				**BANGKOK (Baht)**			
Rises				**Rises**			
Alphanet Tel	14.75	+	1.15	Ayudhya Ins	154.0	+	14.0
Mosaid Tech	18.35	+	1.45	Carpets Inter	22.0	+	2.0
Playrock Yllw	5.75	+	0.75	Draco PCB	17.0	+	1.5
Falls				**Falls**			
EMJ Data Sys	4.0	–	0.5	Nam Seng Ins	108.0	–	11.0
Nord Pacific	5.25	–	0.7	Preecha Grp	70.5	–	7.5
Stelco A	11.75	–	0.7	Thai Prsidnt	170.0	–	18.0

New York and Toronto prices at 12.30pm.

First-half results set stage for $2.7bn sale of Germany's stake in airline

Lufthansa's profits trebled

By Graham Bowley in Frankfurt

Lufthansa, the German airline, yesterday reported a trebling of pre-tax profits in the first half and set itself on course for full privatisation in October.

Jürgen Weber, chairman, said Lufthansa's record first-half profit, which came despite a 25 per cent surge in fuel costs, provided an "auspicious setting" for the second-biggest privatisation issue in Germany's history – the sale of the government's remaining stake in the airline, worth an estimated DM5bn ($2.7bn).

Lufthansa reported a rise in pre-tax profit to DM397m from DM119m in the same period last year, ahead of analysts' expectations and buoyed by the strength of the dollar against the D-Mark. It said the dollar's strength inflated earnings by about DM125m.

Mr Weber promised action, however, after Lufthansa recorded continued losses and a drop in market share in Germany, where it is burdened by high costs and faces aggressive rivalry from competitors such as Deutsche BA, the German division of British Airways.

"For those who think they can squeeze out Lufthansa, we will be able to find some measures to make life difficult for our competitors," he said.

The government has drawn up a consortium of 23 banks, led by global co-ordinators Dresdner Kleinwort Benson and SBC Warburg, to handle the privatisation of its 37 per cent stake in the airline.

Mr Weber said the government would give further details of the sale next week. "Conditions in the financial markets permitting, we anticipate a placement of the stock in October," he said.

He added: "This represents a decisive step forward in the company's development, and it reaffirms and highlights our independence."

The group's sales increased 9.1 per cent to DM10.7bn in the first half of the year, and all divisions made a profit, including the cargo operations which reported losses last year. Mr Weber said Lufthansa would consider increasing the dividend payment to match the improved performance.

However, Mr Klaus Schlede, chief financial officer, struck a cautious note about the outlook for the rest of the year, warning that while the "pleasing turnover trend" would continue, growth was limited by lack of spare capacity.

Mr Weber said Lufthansa would make a "concrete announcement" by the end of this year on plans to forge a fresh alliance with "one or more" partners in Asia, where it already has an alliance with Thai Airways. He said such alliances were expected to lift profits by about DM350m this year after a boost to earnings last year of DM200m.

Lufthansa shares, which have risen by around 80 per cent this year, closed down 10 pfennigs yesterday at DM36.50.

Big King launch peps up battle of the burgers

Richard Tomkins in New York

The US burger wars yesterday entered a new and more vicious phase when Burger King, a subsidiary of Grand Metropolitan, the UK-based food and drinks conglomerate, announced it was launching a direct assault on McDonald's flagship Big Mac with a lookalike product called the Big King.

The move comes soon after it emerged that McDonald's, the fast-food chain struggling against tough competition in the US, was quietly test-marketing a new sandwich called the Big 'n' Tasty – a burger bearing a remarkable resemblance to Burger King's flagship product, the Whopper.

The Big Mac, introduced in 1968, is McDonald's best known and most successful sandwich – a double-decker burger in which two meat patties are separated by an extra slice of bread.

Burger King says its Big King is superior to the Big Mac because it contains more meat and less bread. The two meat patties are 75 per cent heavier than those in the Big Mac, it says, and the extra slice of bread is omitted.

Burger King also intends to emphasise that the meat patties in its Big King, like those in the Whopper, are "flame-broiled" instead of fried, a feature that has proved a popular selling point with consumers

The Big King will be rolled out in the US market during Labour Day weekend, which starts tomorrow. Burger King has not yet decided whether to introduce it outside the US.

Burger King is pressing ahead with the launch in spite of a burger scare in the US prompted by the discovery of potentially deadly bacteria in meat patties from the processing plant of one of its suppliers, Hudson Foods, the US food producer.

The plant was shut and many Burger King outlets were forced to suspend sales pending the arrival of fresh supplies, even though no contaminated meat was found in any restaurants.

At the beginning of the week, Burger King took out newspaper advertisements assuring customers that its products were safe.

Yesterday Burger King said that episode was behind it. "It's business as usual," it said. "We are in the business of marketing the best tasting burgers in the world, and that doesn't stop."

Successful product launches are rare in the fast-food industry. The Whopper dates back to 1957, and the Big King is Burger King's first significant new product since the launch of the BK Broiler chicken sandwich in 1990.

The launch of the Big King comes as McDonald's has been suffering severe difficulties in its domestic market caused by tough competition from Burger King and other fast-food operators. Last year it lost market share to Burger King and Wendy's.

However, Burger King has had its problems too. Earlier this year GrandMet replaced Burger King's chief executive amid suggestions that the subsidiary's performance was unsatisfactory outside the US, and last month Burger King announced that it was pulling out of France because of weak profitability.

Hong Kong businessman Li Ka-shing announces a surge in profits for Cheung Kong, flagship of his empire. The company's net profits rose to HK$13.78bn (US$1.8bn) from HK$8.16bn in the first half of 1996. Details, Page 16 Picture: Reuters

Suzuki angered as India names boss at Maruti

By Michiyo Nakamoto in Tokyo and Amy Louise Kazmin in New Delhi

A row between Suzuki and the Indian government over the appointment of a new managing director at their 50-50 joint venture Maruti escalated yesterday when the Japanese car maker criticised the government's handling of the affair.

On Wednesday the Indian government named R.S.S.L.N. Bhaskarudu, a long-time Maruti employee, as managing director of the company, prompting Suzuki to publicly complain yesterday that it had not been consulted. "We have no intention of compromising easily with the Indian government," Suzuki said in an unusually stern statement.

"International business etiquette dictates that in matters concerning top management appointments of the incoming managing director and chairman, the partners of a joint venture hold discussions at least two months in advance and agree on a selection. This is an essential, minimum condition in the management of a joint venture," it said.

However, Ramesh Krishnan, a spokesman for Maruti, which has an estimated 70 per cent share of the Indian passenger car market, said there is little Suzuki can do to challenge the appointment.

"They can put across their feelings to the Indian public – nothing else," he said. He also suggested Suzuki was free to withdraw from the joint venture. "If they don't want to stay here, they can go back. That would be the government's position," he said.

The stakes are high for the Japanese car maker, which sees Maruti as part of its long-term global strategy. If Maruti is to keep its dominant position in the Indian market, investment in growth is crucial, said Takaki Nakanishi, industry analyst at Merrill Lynch in Tokyo, and while its dominance in the new car market was not under immediate threat, "conditions will definitely change from 2000".

Suzuki's firm statement indicates the extent of the division between the Japanese company and Indian government. In Japan's consensus-oriented business culture, public criticism of partners is extremely rare. Suzuki said it was unhappy about the selection of Mr Bhaskarudu and the Indian government's failure both to consult Suzuki and inform it of the choice until 30 minutes before a board meeting.

The row is not the first between Maruti's joint owners. A much-needed $428m expansion plan was delayed for almost a year owing to a disagreement over funding. Other companies have complained of bureaucratic delays.

Observer, Page 13

Russian bank signs syndicated loan for $125m

By Chrystia Freeland in Moscow

Russia's swiftly maturing banking sector reached another stage yesterday when Rossiyskiy Kredit, one of the country's top 10 banks, signed a $125m loan, the largest ever syndicated loan to a Russian commercial bank.

Bankers said the deal, the latest in a number of loans to Russian commercial banks and to corporate and municipal borrowers, is a sign of Russia's increasing creditworthiness, driven by investor confidence in the country's economic prospects.

It meant "the international banking community is finding Russian banking risk more acceptable", said Stathis Papoutes, chief executive of London Forfaiting Company, one of the loan arrangers.

Although official statistics say the Russian economy has not yet returned to growth after a decade of contraction, the outlook is positive. Falling inflation, which officials hope will drop to 12 per cent by the end of the year, a stable currency, and widely predicted economic growth next year have contributed to avid investor interest.

Over the past eight months, Russian banks have been dipping into the international syndicated loan market with increasing vigour. Previous large deals include a $120m loan to Vneshtorgbank and a $115m loan to Inkombank.

The one-year loan to Rossiyskiy Kredit was at 4 per cent over Libor, but bankers said that, as Russia's economic performance improved, they expected interest rates to fall and loan maturities to be extended.

"I think the next step will be maturities extending. We may start seeing some deals for two and three years, maybe even for five years," Mr Papoutes said. "I think the margins will come down to between 2 and 3 per cent and then will stabilise, but it will not happen overnight."

The Rossiyskiy Kredit loan also signalled interest in Russia from the successful post-communist countries of eastern Europe. Several Polish, Czech, Slovak and Hungarian banks are participating in the syndicate.

Rolls-Royce has profits of £116m but shares fall

By Michael Skapinker in London

Rolls-Royce, the aero engines and industrial power group, yesterday announced first-half pre-tax profits of £116m, ($189m) compared with a loss of £169m last time, and said aero engine orders were at record levels.

But the City reacted badly to news that margins were under pressure, research and development expenditure had increased and the industrial power business was still struggling. The shares fell 19p to 235½p.

Group turnover was £2.3bn in the six months to June 30, compared with £1.9bn last time, with most of the increase from the aero engines side.

Sir Ralph Robins, chairman, said the group had benefited from its strategy of producing an engine family which could be used for a range of new aircraft. The order book stood at £7.8bn, with a further £1.2bn of business announced since. A year ago, Rolls-Royce had £7bn of orders.

The trading margin in the aero engines business increased to 11.1 per cent from 10.9 per cent last time, but Sir Ralph said operating difficulties had prevented the increase from being higher. The sharp increase in orders had caused problems for Rolls-Royce and its suppliers.

Rolls-Royce has had to take on 1,000 more aero engine staff, although overall employee numbers fell slightly to 42,100 from 42,400 last time. The group had to rely increasingly on overtime working to meet orders. Sir Ralph said the difficulties were the result of the group's success. "It's a hell of a nice problem to have," he added.

The City was surprised, however, by a £24m increase in research and development spending.

Most of the expenditure was on an engine combining Rolls-Royce's Trent and RB211 products. Difficulties with some RB211s had caused problems for some customers, such as Cathay Pacific.

Sir Ralph indicated that Rolls-Royce had agreed compensation with the Hong Kong-based carrier, although he would not say how much. He said Rolls-Royce was now in discussion with the supplier whose gear boxes had caused the problem.

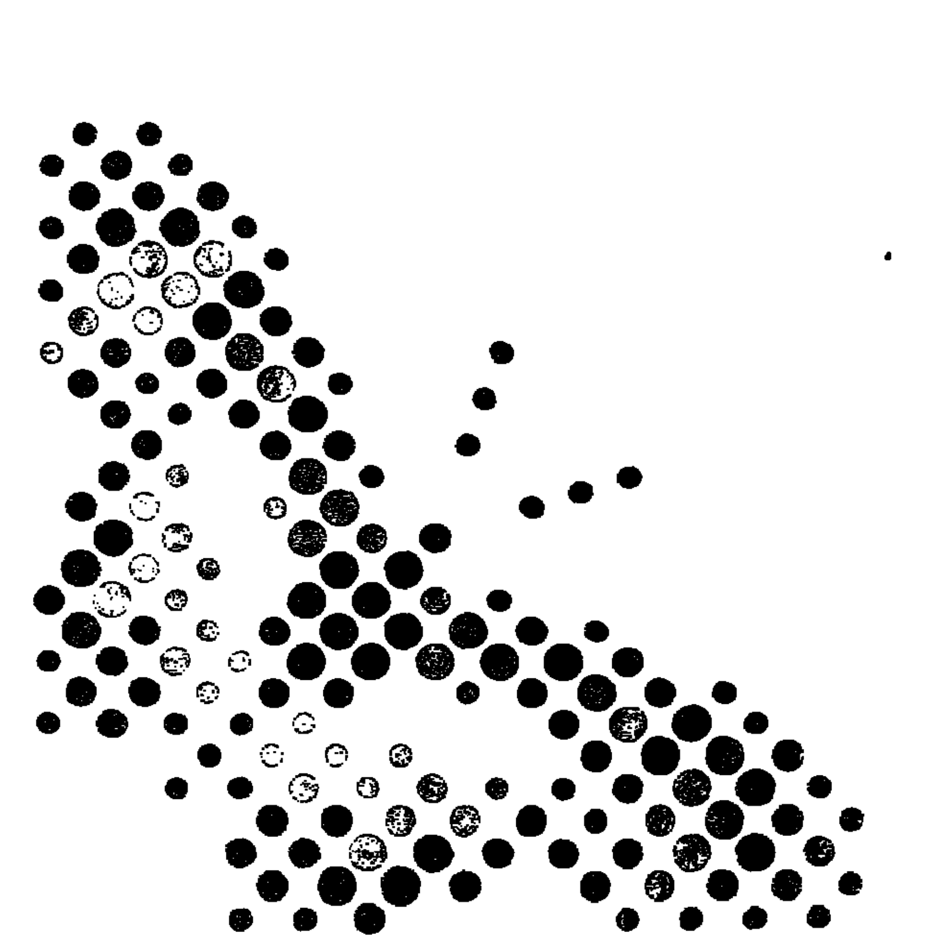
Trading margins in the industrial power group fell to 5.8 per cent from 7.5 per cent last time.

Analysts expressed disappointment because the group last year made provisions of £263m relating to Parsons Power Generation Systems, since sold to Siemens of Germany, and International Combustion, which is still up for sale. One analyst said: "We thought they'd cleaned these stables."

Rolls-Royce said restructuring of industrial power was still taking place and it expected the business to produce better returns in future.

The interim dividend is 2.2p, up 10 per cent.

Earnings per share were 6.5p, compared with 4.64p before exceptional items last time.



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Profits up 23% as Citic pursues revamp

By John Ridding in Hong Kong

Citic Pacific, the Hong Kong arm of Beijing's flagship investment vehicle, yesterday announced a steady increase in net profits for the first half of the year and an expansion of its infrastructure activities.

Net profits rose by 23 per cent to HK$6.14bn ($800m) for the six months to the end of June. Excluding the sale of the group's remaining 8 per cent stake in Hongkong Telecommunications and the operator's contribution to results last year, profits climbed by 72 per cent to HK$2.91bn. The sale of the Hongkong Telecommunications stake was part of a broader restructuring to shift the group from a holding company to direct control of infrastructure-related businesses. This included acquiring in March a 20 per cent stake in China Light & Power, one of the territory's biggest utilities, and direct investments in Hong Kong and across the border.

Mr Larry Yung, chairman of Citic Pacific, yesterday announced more steps in this process – accords with the cities of Chonqing, Nanjing and Wuxi to buy toll roads and bridges, which would "make a significant contribution to the earnings of Citic Pacific forthwith".

The group has won approval to build power plants in Henan province and Inner Mongolia. In Hong Kong, it will increase its 28.5 per cent holding in the Eastern Harbour Crossing tunnel to 64 per cent. The projects represent a combined investment of HK$7bn.

Industry analysts said the group was in a strong financial position to pursue expansion in Hong Kong and China. The group has repaid a HK$13.5bn bridge loan raised this year to fund its stake in China Light & Power. In July, the company signed a HK$8.8bn five- and seven-year loan facility. With the balance sheet buttressed by the HK$8bn proceeds from the sale of its stake in Hongkong Telecom, the ratio of net borrowings to market value is about 17 per cent.

Profits during the first half were boosted by a significant improvement at Dah Chong Hong, the trading arm, which benefited from an upturn in the Hong Kong car market.

However, results were held back by the fall in first-half earnings at Cathay Pacific, the Hong Kong carrier in which Citic Pacific holds a minority stake. Earnings at associate company Dragonair, the regional airline, continued to rise.

Turnover rose from HK$6.10bn to HK$8.52bn. Earnings per share climbed from 235.2 cents to 287.9 cents. The interim dividend was raised from 18.5 cents to 20 cents. The company also announced a special dividend of 30 cents.

INTERNATIONAL NEWS DIGEST

Metro reduces profits forecast

Metro, Germany's biggest retailer, yesterday cut its profits forecast for this year amid declining German consumer demand and intense price competition. The group – which was formed last year through the merger of the cash-and-carry, department store and supermarket interests of the Metro, Kaufhof and Asko groups – said pre-tax profits would be flat this year in spite of an increase in sales and earnings in the first half of the year.

Metro reported that sales rose 3.1 per cent to DM29.7bn ($16.4bn), while earnings on ordinary activities increased from DM69.3m to DM94.8m a year ago. There was a strong expansion of foreign sales, which rose 48 per cent to DM1.6bn. But Metro warned that conditions in Germany were poor and that the "pronounced economic decline in consumer demand in Germany further intensified in the months July and August". Earlier this year the group forecast an increase in pre-tax profit this year after a 1996 result of DM1.06bn. *Graham Bowley, Frankfurt*

■ CONSTRUCTION

Capital gain lifts Skanska

Skanska, the Swedish construction and property group, yesterday reported a sharp rise in half-year pre-tax profits to SKr10.40bn ($1.3bn), which it attributed to a capital gain of SKr9.12bn. Excluding the gain from the group's sale of its shares in Sandvik, the Swedish industrial group, earlier this year, first-year operating profit fell 11 per cent from SKr1.51bn a year earlier to SKr1.34bn.

Operating profits in the period were squeezed by a weak Swedish construction market, Skanska said. However, order bookings increased 38 per cent from SKr23.19bn to SKr32.08bn, mainly because of an improvement in the company's US operations. More than half of sales – which rose from SKr21.99bn last time to SKr24.58bn, came from markets outside Sweden. *AP-DJ, Stockholm*

■ CLOTHING

Banks take control of Synkro

A group of Mexican banks has taken control of Synkro, the clothing company which was one of the first Mexican groups to have been pushed into default by the peso crisis of 1995. The company has not serviced its debts since it failed to pay a maturing $50m eurobond in 1995.

Synkro, which manufactures and distributes tights and underwear, bought a US subsidiary, Kayser-Roth, for about $233m in 1994. After the devaluation it discovered it could not support the dollar debts taken on for the transaction. According to an agreement announced yesterday between Synkro and its creditors, $494m of debt will be converted to equity, reducing the stake of the company's former owners, the Ballesteros family, from 80 to 5 per cent. *Daniel Dombey, Mexico City*

■ BRAZIL

Pirelli to expand tyre plant

Pirelli, the Italian tyre and cable group, is to invest $170m over the next three years in expanding its Brazilian tyre plant at Gravataí in the state of Rio Grande do Sul. Pirelli said that when the investments were completed, Gravataí would become its largest tyre plant worldwide. The expansion will also create an additional 700 jobs. The plant currently employs 1,000 people. *Paul Betts, Milan*

Hutchison Whampoa stable midway

By John Ridding

Hutchison Whampoa, the ports-to-property arm of the group run by Li Ka-shing, the Hong Kong businessman, yesterday reported flat net profits for the first half of the year as exceptional items obscured a strong increase at the operating level.

Net profits remained stable at HK$7.85bn ($1.0bn) for the first six months of the year. However, exceptional gains of HK$1.92bn from the sale in Asiasat, the satellite operator, and the impact of Mr Li's group restructuring, paled alongside exceptionals of HK$4.10bn in 1996.

Operating profits during the period jumped from HK$2.53bn to HK$5.09bn in spite of what Mr Li described as an increasingly competitive environment. He said competition had intensified in each of the group's core businesses and particularly in telecoms where new licences have been awarded in the Hong Kong market.

Mr Li said Hutchison Telephone's subscriber base had risen by more than 50 per cent since the beginning of the year to more than 520,000. In the UK, Orange, the group's 49 per cent owned associate, has increased the number of subscribers by almost 30 per cent since the beginning of the year to more than 1m.

The company's property holdings, which comprise 10m sq ft, continued to be fully let and generated a stable income stream, according to Mr Li. He added that the company's joint-venture property developments in China were progressing satisfactorily and that profits from this source were expected to accelerate.

Investment in Hong Kong port facilities increased the company's throughput in the territory by about 20 per cent to 3m teu (twenty foot equivalent units). Shanghai Container Terminals, in which Hutchison holds a 40 per cent stake, also increased throughput and profits during the first half. Felixstowe, the company's wholly owned UK subsidiary, handled a record throughput of 1.1m teu during the first half, a rise of 18 per cent.

Turnover during the first half totalled HK$20.82bn, compared with HK$18.02bn in the same period in 1996. Earnings per share slipped from HK$2.17 to $2.08, but the interim dividend was raised from HK$0.42 to HK$0.48.

Sharp rise at Cheung Kong

By John Ridding

Cheung Kong, the flagship company of Li Ka-shing's business empire, yesterday announced a surge in profits for the first half of the year, as a robust underlying performance combined with exceptional gains from a group restructuring.

Net profits rose from HK$8.16bn in the first half of 1996 to HK$13.78bn (US$1.8bn), including an exceptional gain of HK$7.73bn resulting from the sale of the group's 71 per cent stake in Cheung Kong Infrastructure to Hutchison Whampoa, an associate company and Mr Li's main infrastructure vehicle.

Mr Li gave an optimistic assessment of the group's prospects, predicting a strong second half from core property businesses. However, he remained guarded on speculation that he might be seeking to build a strategic stake in Jardine group companies.

The revelation this month that Mr Li's companies hold 3 per cent stakes in Jardine Matheson and Hongkong Land have raised the prospect of co-operation between the two groups or a bid for parts of the UK-controlled conglomerate.

Mr Li said yesterday he had no current plans for a big increase in his stakes, but added that the situation could change.

Within the Cheung Kong empire, Mr Li said the reorganisation announced in May had streamlined the group and improved operating efficiency in its companies.

As a result of the restructuring, Cheung Kong Infrastructure and Hongkong Electric have been brought under the control of Hutchison Whampoa. Part of the aim was to combine the group's infrastructure operations and to help Hongkong Electric expand beyond its Hong Kong base.

Underlying profits from the group's property businesses climbed from HK$1.44bn to HK$2.03bn in the first half, and Mr Li predicted further gains in the present period.

"While most of the group's property projects for the year have already been sold, their completions are scheduled in the latter half of the year, which will provide a significant contribution to profit," he said.

Mr Li expressed continued confidence in the territory's property sector and backed plans by the post-colonial administration to increase sharply the supply of housing.

"From a long-term perspective, a boost in land supply will help to stabilise property prices," he said.

The Cheung Kong chief said the group would continue efforts to expand its landbank. The company was active in the territory's first post-colonial land auction this week, but was defeated in the bidding by Chinachem, which paid HK$5.55bn for a prime site in Repulse Bay.

Earnings per share for the first half rose from HK$3.59 to HK$6.00.

The interim dividend was increased from HK$0.33 to HK$0.39.

HK group sees further property gains despite losing bidding for this Repulse Bay site *Reuters*

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF BONDS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR FINANCIAL ADVISER, STOCKBROCKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 WITHOUT DELAY.

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J Sainsbury (Channel Islands) Limited (the "Issuer") hereby gives notice to the holders of Bonds (the "Bondholders") that, pursuant to and in the circumstances described in Condition 5(d)(ii) of the Conditions of the Bonds, the Issuer will on 29th September, 1997 (the "Required Redemption Date") convert all of the Bonds then outstanding into Preference Shares in the capital of the Issuer in accordance with Condition 7 of the Conditions of the Bonds. On the Required Redemption Date an amount equal to the Issue Price (being £5,000 in respect of a Bond having a denomination of £5,000 and being £100,000 in respect of a Bond having a denomination of £100,000) of each such Bond shall be applied in paying up in full a number of Preference Shares in the Issuer, which shall be allotted in accordance with the Articles of Association of the Issuer, equal to the Issue Price of such Bond divided by the Paid-Up Value (being £5,000) of one Preference Share. Each such Preference Share shall forthwith be redeemed by the Issuer at a price of £5,000 per Preference Share in accordance with the rights attached thereto. Interest on Bonds which are so redeemed will accrue up to (but excluding) the Required Redemption Date.

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Bondholders are reminded that the redemption contemplated by this Required Redemption Notice shall not apply to any Bond in respect of which the applicable Conversion and Exchange Right is exercised by the relevant Bondholder in accordance with Condition 4(a) of the Conditions of the Bonds. Bondholders are also reminded that in accordance with Condition 4(a) of the Conditions of the Bonds their Conversion and Exchange Rights shall terminate at the close of business on 22nd September, 1997. Prior to such time Bondholders may exercise their Conversion and Exchange Rights by delivering to the specified office of any Paying and Conversion Agent listed below during its normal business hours the relevant Bonds (together with all unmatured Coupons appertaining thereto) accompanied by a duly completed and signed notice of conversion and exchange (forms of such conversion and exchange notices are obtainable from the specified office of any Paying and Conversion Agent) in accordance with Condition 4(c) of the Conditions of the Bonds and otherwise complying with the Conditions of the Bonds.

Bondholders who present a valid notice of conversion and exchange will not be eligible to receive interest in respect of the period from and including 6th September, 1997. However, such holders will be eligible to receive the interim dividend for the year ending March, 1998 in respect of the Ordinary Shares received on conversion which continue to be held by them on the record date for such dividend, expected to be 14th November, 1997.

IMPORTANT

The value of the Ordinary Shares of J Sainsbury plc into which each £5,000 principal amount of Bonds is exchangeable following the exercise of the Conversion and Exchange Rights in respect of the Bonds and based on the closing mid-market quotation of the Ordinary Shares as derived from The Stock Exchange Daily Official List on 22nd August, 1997 of 441.5p per Ordinary Share and an Exchange Price of 337p per Ordinary Share is £6,547.44. Fractions of Ordinary Shares will not be issued on exchange and no cash adjustments will be made. However, subject to the Conditions of the Bonds, where Ordinary Shares arising on exchange of the relevant Preference Shares are to be registered in the same name, the number of Ordinary Shares to be issued will be calculated on the basis of the aggregate Paid-Up Value of those Preference Shares.

The redemption amount of the relevant Preference Shares (including accrued interest on the Bonds) following a Required Redemption of the Bonds for each £5,000 principal amount of Bonds in the case of holders of Bonds who do not exercise their Conversion and Exchange Rights is £5,027.15.

Subject to the Conditions of the Bonds, Bondholders who wish to accept redemption of the relevant Preference Shares (together with accrued interest on the Bonds) rather than to exercise Conversion and Exchange Rights should surrender their Bonds (together with all unmatured Coupons appertaining thereto) for payment in accordance with Condition 12 of the Conditions of the Bonds and the Articles of Association of the Issuer, at the specified office of any Paying and Conversion Agent listed below on the Required Redemption Date.

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29th August, 1997

ING, Fortis eye more takeovers

By Gordon Cramb in Amsterdam

ING and Fortis, two of the biggest Benelux financial groups, yesterday each reported profit increases of 28 per cent and, with recent big acquisitions under their belts, said they were pursuing further takeovers.

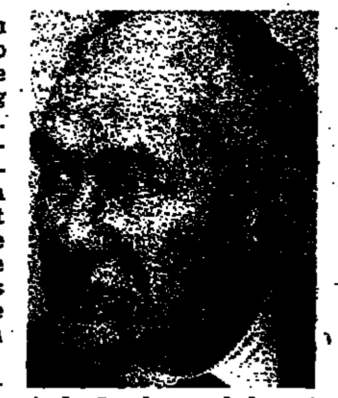
As expected, ING announced the purchase of Furman Selz, a Wall Street brokerage whose investment banking and securities operations are to be integrated with those of ING Barings. Its asset management activities will operate as separate units. ING said the deal, nominally worth $600m, would cost it only $425m, as payments would be staggered over three years and attracted tax benefits.

It follows ING's failure in May to take control of Dillon Read, a rival New York firm which sold itself instead to Swiss Bank Corporation. In the meantime ING moved to double its life assurance business in the US by paying $2.2bn for Equitable of Iowa.

Aad Jacobs, ING chairman, said Furman Selz satisfied its current ambitions in US investment banking. It and Equitable of Iowa are due to join the group by the end of the year, and ING's next target was a corporate banking operation in Europe.

While ruling out Germany's Commerzbank as a target, Mr Jacobs put the warchest at Fl 5bn-Fl 6bn ($2.5bn-$2.9bn) and said: "A member of the board of management has been dealing pretty much exclusively with this for the past half-year, and I think decisions will be taken soon."

At Fortis, a Dutch-Belgian insurance and savings group, Hans Bartelds, chairman, said he was seeking to acquire a European insurer, pointing to recent deals such as the tie-up between Winterthur and Credit Suisse in Switzerland as evidence of a concentration process in the industry.



Aad Jacobs: ruled out Commerzbank as target

Fortis showed the benefit of its move into investment banking through the Fl 2.5bn takeover of MeesPierson. The Amsterdam merchant bank, consolidated from the start of the year, was responsible for half the increase in its overall net earnings to Ecu466m ($429m), Mr Bartelds said.

The contribution enabled Fortis to lift its full-year forecast. It now expects net profits to rise 15-20 per cent from the Ecu731m posted in 1996, having previously indicated growth of 10-15 per cent.

ING, which reported interim net profits of Fl 1.94bn, was more cautious, predicting a "marked increase" in earnings per share.

ING is paying a dividend of Fl 1, up from Fl 0.83. Fortis Amev, the Dutch side of its smaller rival, is distributing Fl 0.80, compared with Fl 0.68. The Brussels-quoted Fortis AG does not make an interim payout.

ING shares closed Fl 3 lower at Fl 90.50, while those of Fortis Amev shed Fl 4 to Fl 80.50.

SE-Banken in Finnish acquisition

By Tim Burt in Stockholm

Skandinaviska Enskilda Banken, one of Sweden's four big commercial banks, yesterday underlined its Nordic expansion plans by acquiring Ane Gyllenberg, one of Finland's leading asset management groups, for an undisclosed sum.

The purchase of Gyllenberg marks SE-Banken's first foray into fund management outside Sweden since Jacob Wallenberg became its chief executive in April.

At the time of his appointment, Mr Wallenberg said SE-Banken was determined to increase its presence in Scandinavian fund management, one of the fastest-growing parts of the region's financial services sector.

"The purchase of Gyllenberg is well in line with our overall strategy," Mr Wallenberg said yesterday. "In view of the growth in private savings, we have decided to strengthen our investments in the field of asset management, insurance and mutual funds."

Gyllenberg, which also has stockbroking and mutual fund operations, controls about 7 per cent of the Finnish asset management industry, with FM13bn ($2.4bn) of funds under its control.

SE-Banken has SKr150bn of funds under management – mostly in Sweden, but also in Norway, the US, Hong Kong and Luxembourg.

The Swedish bank said it had acquired Gyllenberg from four principal shareholders: Fiskars, the Finnish consumer goods group; Agrofin, also of Finland; a management consortium; and Investor, the Wallenberg investment company. Investor, which owns 30 per cent of Gyllenberg, also controls SE-Banken.

The most-traded SE-Banken A-shares yesterday closed down SKr0.50 at SKr82.50.

GOLD FIELDS OF SOUTH AFRICA LIMITED

FURTHER JOINT CAUTIONARY ANNOUNCEMENT

Shareholders of Gold Fields and Driefontein (collectively "the companies") are referred to the previous cautionary announcements and are advised that discussions between the companies and New Africa Investments Limited are continuing.

Caution should therefore continue to be exercised in dealings in the shares of the companies.

Johannesburg 28 August 1997

Advisers to Gold Fields
Standard Corporate and Merchant Bank

Advisers to Driefontein
Morgan Stanley & Co

هكذا من الأرشيف

Optus in red after pay-TV charge

By Elizabeth Robinson in Sydney

Optus, Australia's second-largest telecoms group, reported a A$411.8m (US$305.2m) loss in the year to June 30, against a A$60.3m profit last year, after a A$423.4m charge relating to its loss-making Optus Vision pay-TV unit.

Losses at Optus Vision, which was fully acquired in March, were A$111.6m in the last three months of the year. However, Optus said the deficit came mainly from increased depreciation and interest charges, and that results before interest, tax, depreciation and amortisation (ebitda) had stabilised since December.

"The focus now is to start reducing ebitda losses," the company said.

Peter Howell-Davies, Optus chief executive since June, forecast a worse result for the current year, which would include a full 12 months of Optus Vision. It would take "several years" for Optus Vision to break even, said Norman Gillespie, chief financial officer.

The charge related chiefly to a writedown of Optus Vision assets such as deferred programming and start-up costs. It also included A$8.7m for restructuring. "There is no write-down of the network," Optus said. "This puts a book value

Peter Howell-Davies: forecasts a worse result for the current financial year

of about A$460m on Optus Vision."

By contrast, profits at the communications operations more than doubled from A$60.3m to A$123.2m.

Mr Howell-Davies sought to justify the financial impact of acquiring Optus Vision, saying it "will allow us to move forward with our plans to provide customers with a complete and seamless bundle of Optus-branded products – ranging from a full telephone service to pay-TV and internet access."

He added that with Optus Vision "Optus has gained a local access network with a potential market of about 2m homes."

Revenue from mobile services rose more than 48 per cent to A$1.13bn, helping lift total revenues 28 per cent to A$2.48bn. The mobile market in Australia has grown nearly 30 per cent in the year to June, to 4.9m users. Optus has maintained its 31 per cent share, and has more than 37 per cent of the faster-growing digital market.

Long-distance operations continued to grow, with revenues rising 20 per cent to A$972m, on 500,000 new lines.

Shares in Mayne Nickless, Optus's biggest domestic shareholder with 25 per cent, fell 2.9 cents yesterday to close at A$8.08. Mayne Nickless has been pushing for a float of Optus, but this has been delayed by the problems at the pay-TV unit and management changes.

Last week Ziggy Switkowski, Optus chief executive for 18 months until June, became group managing director of business and international operations at Telstra, Optus's main rival, which is listing one-third of its shares in November.

Telstra reports its results today and is expected to announce one-off losses of up A$2bn to clear its books ahead of the flotation.

Cable and Wireless of the UK is Optus' biggest shareholder, doubling its stake last month to 49 per cent.

Togo seeks to grasp the nettle at NCB

Japanese bank's new president faces a struggle to create a viable future for it, writes Gillian Tett

If there were prizes for holding unpalatable jobs in Japanese finance, Shigeoki Togo would qualify for an award.

After 30 years of working in the cosy and prestigious Bank of Japan, Mr Togo this month became president of Nippon Credit Bank (NCB).

His appointment was far from accidental. Earlier this year, NCB, one of Japan's 20 largest banks, was plunged into crisis when it was revealed that it had notched up a startling Y285bn ($2.4bn) net loss in the year to March 1997 as a result of property-related bad loans.

Western analysts argued that Japan should take the radical step of shutting the bank down – not least because Japan's banking sector is already dogged by over-capacity.

But the government refused to bite the bullet. Instead, it orchestrated a Y291bn recapitalisation programme and a restructuring plan that forced the group to withdraw from its overseas operations.

Now, with Mr Togo at the helm – and a former finance ministry official serving as NCB chairman – the government appears determined to stick to its earlier promise that none of the top 20 Japanese banks will be allowed to fail.

But the question that hangs over Mr Togo, who at 53 is the youngest Japanese bank president, is whether he can now create a viable future for the bank.

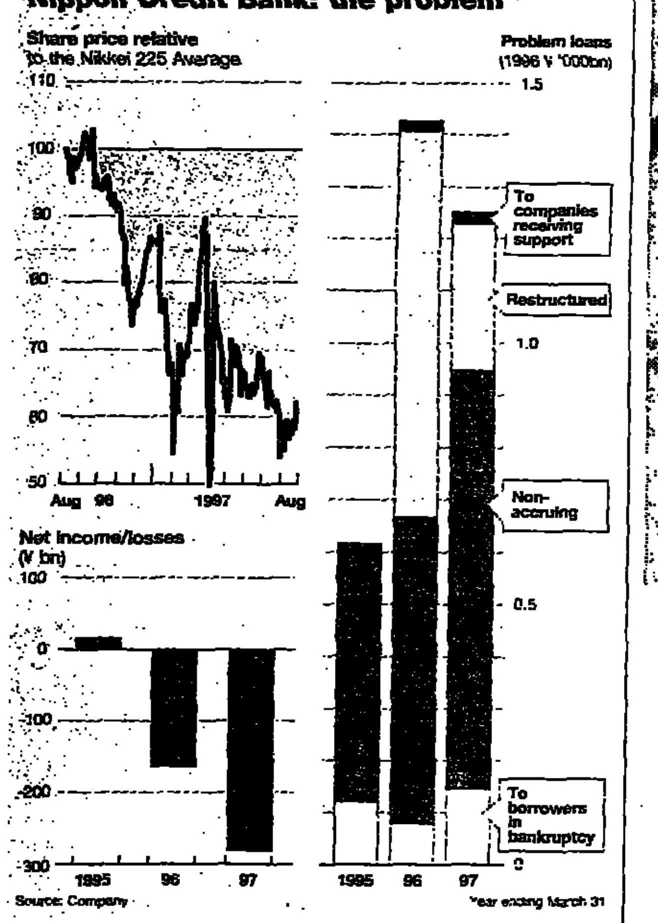
His task is a difficult one. For on top of the property-related woes, NCB is about to face another blow – the government's looming plans for "Big Bang" financial deregulation.

Until now, about 90 per cent of its business has centred on its traditional business of long-term lending. But Big Bang will allow other banks to enter this area – squeezing NCB's already ailing profits.

"This may erode our wholesale banking franchise," says Mr Togo, who has worked in New York, London and Hong Kong and speaks the competent English that is the hallmark of many senior BOJ officials.

But Mr Togo is certainly determined to give the job his best shot, for the recent crisis has left him espousing a strategy that is – ironically – bolder and clearer in its focus than some of Japan's healthier banks.

Nippon Credit Bank: the problem



Source: Company

*Year ending March 31

Many of these leading banks are now looking at Big Bang as a chance to become a global operator and to expand, rather than reduce, their operations. NCB's unhappy position, by contrast, has left Mr Togo acknowledging that in most spheres NCB cannot hope to compete with other foreign and large Japanese banks.

"Groups like the Industrial Bank of Japan and Long Term Credit Bank want to be global players, competing in international markets. We do not," he says.

He plans instead to target small and medium-sized companies, using NCB's background in property-related business to develop expertise in areas such as securitisation and project finance.

To this end it has already taken a step new to the Japanese banking sector: it has split its operations into three quasi-companies, clearly separating its traditional banking from trading and project finance.

"The purpose of this is to is to create a cost and profit-conscious organisation," he explains. "It is rather difficult in Japan to create a consensus to shift resources from one business field to another – so we need to first show clearly where our profits are coming from."

He plans further changes. Over the next few years the bank intends to reduce staff from 2,900 to 2,000. The cuts will be achieved in typically cautious Japanese style. "We won't be making compulsory redundancies," he says, explaining that most of the cuts will come from a hiring freeze and the group's enforced withdrawal from overseas operations.

But these reductions are the most sweeping that any Japanese bank has so far attempted. And behind the facade of the "job for life" culture, some 150 older staff will be encouraged to leave through "retirement", at a variety of ages.

The bank is also considering business partnerships. Earlier this spring it formed a loose alliance with the US group Bankers Trust. But NCB is eyeing possible Japanese partners, such as local regional banks or credit unions.

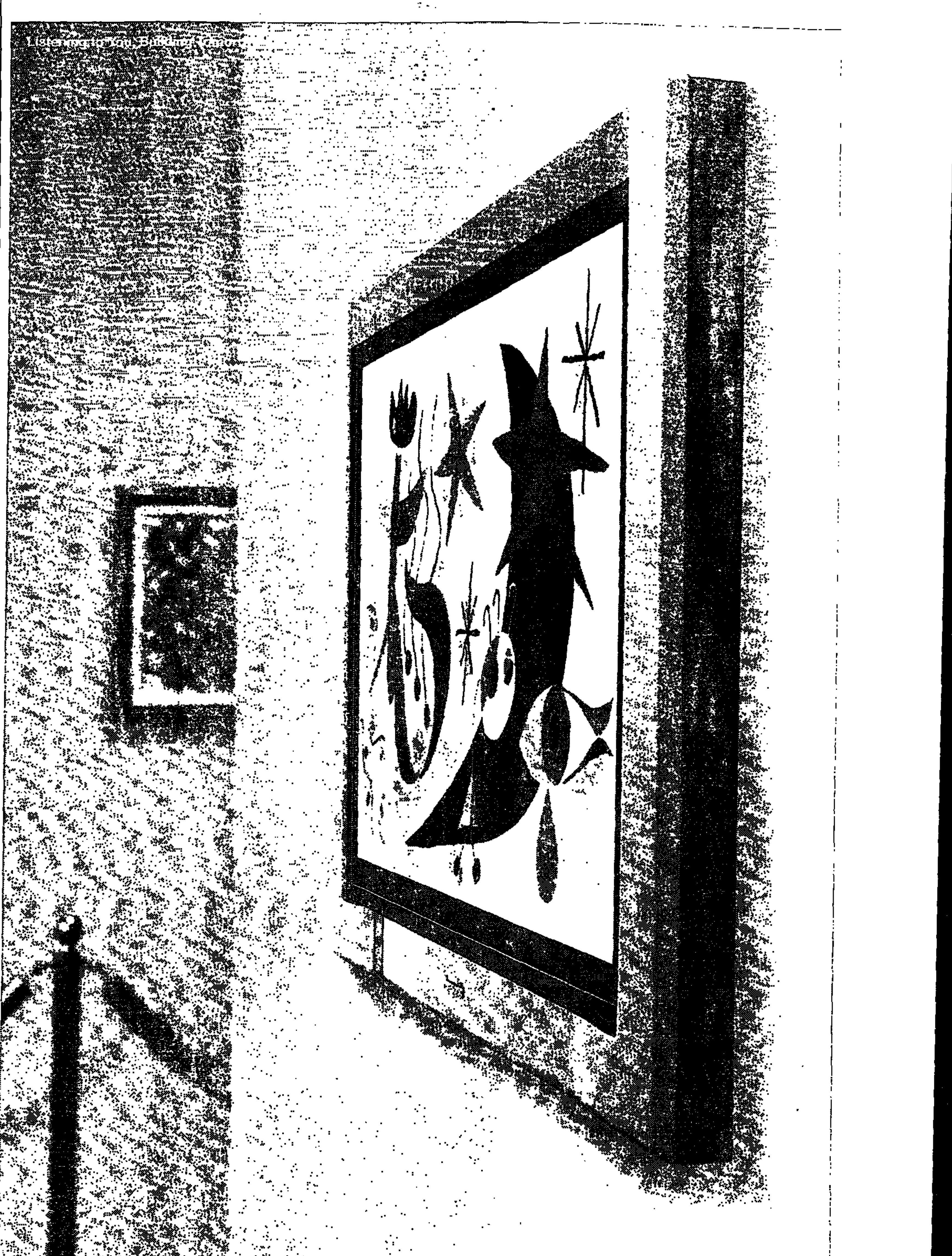
"In Japan it is rather difficult to get a merger to work because of differences in company culture, so personally I would rather have business alliances rather than mergers. But we will be looking for alliances," he says.

Whether these plans can turn NCB into a profitable business again – or justify its existence as an independent company – remains unclear.

The bank is still weighed down with Y1,262bn of problem loans. In the short term, some analysts fear the group could face a funding squeeze, and although NCB is trying to shrink its assets, progress remains patchy.

As Betsy Daniels, of Morgan Stanley, says: "They need to swallow the nut and restructure the balance sheet – that is the step we are looking for."

But, in the short term at least, NCB's survival seems assured. Mr Togo's spell in office could yet yield an intriguing chapter in Japanese banking history.



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Improved operating margins help Novartis move ahead of rival Roche midway

Increases at Swiss drugs groups

By William Hall in Zurich

Strong sales growth and improved operating margins helped Novartis, the Swiss pharmaceutical giant formed from last year's merger of Sandoz and Ciba, to lift net income 27 per cent to SFr3.1bn ($2.1bn) in the first six months of the year.

Operating profits rose 25 per cent to SFr4bn, against the 5 per cent rise to SFr2.1bn at rival Roche.

Novartis's first-half sales of SFr16.6bn grew 7 per cent in local currency terms, a slightly faster rate than at Roche. Roche's operating margins fell 3 percentage points to 22.1 per cent; Novartis lifted its margin from 23 to 24.2 per cent.

Raymund Breu, Novartis chief financial officer, said the full effects of the merger-related synergies would not be felt until the second half.

Traditionally, Novartis's agribusiness earns more in the first half than the second, but Mr Breu expected this seasonal bias to be more than offset this year by a stronger second half.

He indicated that the growth in full-year net income could be higher than the 27 per cent reported in the first half.

The improvement in Novartis's operating margins reflects the first impact of a restructuring expected to save SFr2bn by 2000.

René Nordmann, of Sal.Oppenheim in Zurich, described the rise in operating margins as a "great achievement", stressing it came in spite of a 27 per cent rise in marketing and distribution spending to SFr4.3bn.

He is forecasting that Novartis will earn SFr80 a share in the current year.

Novartis's healthcare business, which increased its operating income 27 per cent to SFr2.5bn, contributed two-thirds of the improvement in group operating income.

Agribusiness operating income rose 10 per cent to SFr1.5bn, and profits in nutrition activities rose 3 per cent to SFr188m.

The operating margins of these two divisions fell, but Mr Breu said it was a temporary situation and did not reflect a fundamental deterioration in these businesses.

Novartis's shares fell SFr111 to SFr2,085 yesterday, but analysts said the sharp decline reflected the general weakness in the Swiss market rather than any particular worries about Novartis. The company's shares have substantially outperformed the Swiss stock market this year.

Crash leaves way ahead clear

Two of Mexico's toll road constructors may yet benefit from GMD's troubles

When one of Mexico's biggest construction companies said this week it would default on $10.4m of eurobond interest payments, in spite of a $7.6bn government bailout of the country's disastrous toll roads project, investors feared the worst for the sector.

The government's plan to rescue the toll roads is one of the most dramatic events in Mexican corporate life since the peso devaluation of 1994. But its impact on the sector is unlikely to be as damaging as appeared when Grupo Mexicano de Desarrollo (GMD) announced its default.

The news initially pulled down shares in the country's biggest road construction companies, but the financial outlook for Empresas ICA and Tribasa, the other two companies most involved, is much brighter than that for GMD. GMD's problems could even be to the long-term advantage of its two rivals.

Contrary to earlier reports, GMD shares have not been suspended, although they were not trading on Wednesday.

Under the bailout scheme, announced last week, the Mexican government will assume 60bn pesos of debt owed by 23 of the country's private toll roads and take possession of the roads.

The construction companies that built the roads in the 1980s will have to write off their equity investment in the failed projects but will receive government bonds in recompense for fees owed by the road operators.

The administration argues that the plan is necessary, since inadequate financing, short concession times and over-optimistic traffic projections meant that the roads had become financially unviable.

For GMD, the plan forced a recognition of the severe liquidity problems that have plagued it since the peso devaluation.

Road concessions constituted three-quarters of its total assets, and equity investments in roads far exceeded its income from the sector.

GMD estimates that while it will have to write off 7.5bn pesos of investment it will only receive 2.5bn pesos against lost fee income.

The company followed its default on the interest on its $250m eurobond with a statement that it would seek to renegotiate $256m debt with Mexican banks and would fire much of its workforce. It is thought to have an enormous struggle on its hands if it is to avoid bankruptcy.

"The company has a reasonable [order] backlog, but it does not have the money to carry it out," said Gordon Lee, analyst at Deutsche Morgan Grenfell in Mexico City. "More or less the only assets GMD has are its engineers and its machinery. Its engineers can walk away and its machinery is not worth enough to settle $500m of debts."

The picture is very different for Empresas ICA, Mexico's largest construction company. ICA will have to write off 7.2bn pesos in investment in toll roads because of the bailout scheme. But the road assets only represent 38 per cent of its total assets.

In addition, ICA has much more fee income due to it than is the case for GMD. As a result, the company will receive considerably more funds from the government. The net effect of the programme should be a 23 per cent fall in shareholders' equity to about 8.5bn pesos.

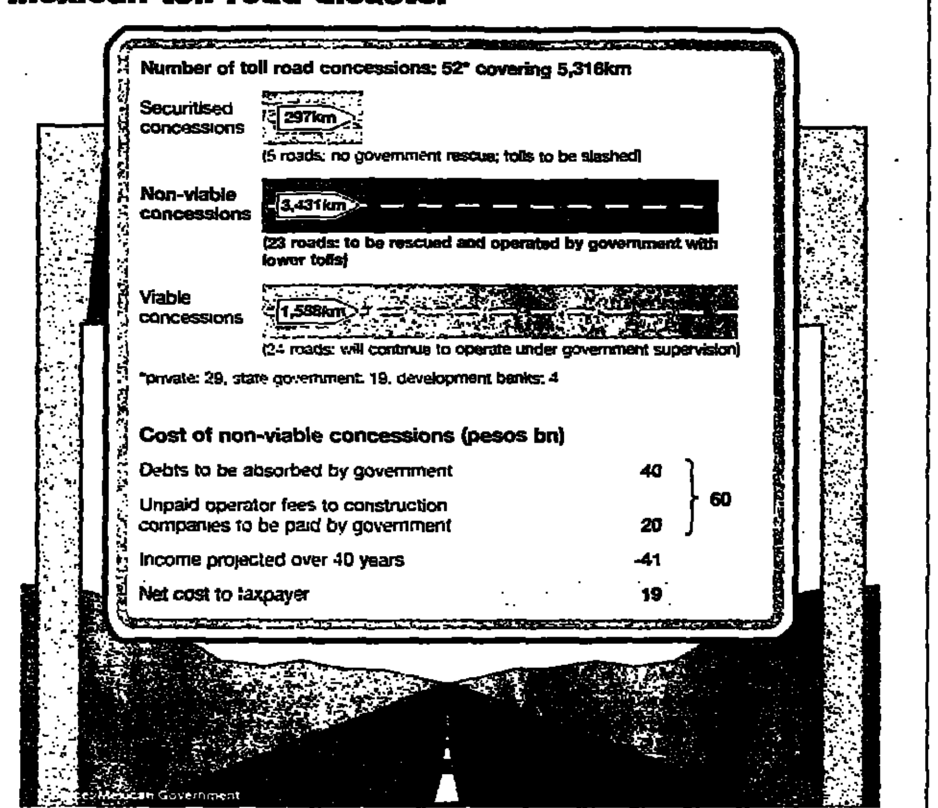
"It will be a smaller balance sheet but a better and cleaner balance sheet," said Mr Lee.

Tribasa is also likely to benefit from the toll road scheme. Like ICA, Mexican toll roads represent less than half its assets.

The chief challenge facing Tribasa is attaining the levels of growth it enjoyed in the past. New road concessions, chiefly to improve Mexico's 10 main trunk roads, are not planned until next year and the company has relatively few resources with which to finance its order backlog.

Both Mexico's main opposition parties have criticised the road rescue plan as an unjustified bailout. But since GMD's travails indicate that not all of the construction companies are prospering in the wake of the programme, the political heat surrounding the issue is likely to diminish, making a government backtrack on the road rescue scheme unlikely.

Mexican toll road disaster



Deutsche Telekom revenues up 5.4%

By Frederick Stüdemann in Berlin

Deutsche Telekom, Europe's largest telecommunications group, yesterday announced a 5.4 per cent rise in first-half revenues to DM29.4bn ($15.9bn) at the parent company. Operating profits remained virtually flat at DM3.2bn. It attributed the rise in revenues to increased residential customer sales.

Ron Sommer, chairman, said the figures, which are only for Deutsche Telekom's core activities, suggested a "satisfactory annual result overall".

Seasonal improvements are expected in the second half. On that basis, the company, which was partially privatised last year, is proposing a doubling of the dividend to DM1.20, in line with earlier forecasts. First-half figures for the whole group, including subsidiaries, will be released next month.

The company said negotiations with potential competitors over the use of its networks following liberalisation of the market in January 1998 were continuing, but no agreement had been reached.

The main contention is over terms and the price of access to the "last mile" of cable into private homes. Deutsche Telekom's competitors say it is dragging its feet over access and wants to charge unrealistically high prices.

Last week a court in Cologne ordered Deutsche Telekom to implement a directive from the federal postal and telecommunications ministry to open access in accordance with competitors' wishes. Mr Sommer said this was tantamount to the "expropriation of the last mile" and that the company was considering an appeal.

Mr Sommer also dismissed claims by Günter Rexrodt, federal economics minister, that high call charges were hindering the development of internet use in Germany. The minister's comments displayed little knowledge of the facts, said Mr Sommer.

Regarding the group's cable television network, Mr Sommer said technical details for the distribution of digital pay TV were still being worked out with Beta Research, a company owned by Kirch Group, one of Germany's biggest media companies.

Earlier this year Deutsche Telekom reached an agreement with Kirch and the Bertelsmann media group to establish a single technological platform for the distribution of pay-TV programmes in the cable network.

If the three-way venture is approved by the European Commission's competition authorities in Brussels, Mr Sommer said digitalisation of the network, which reaches half of Germany's 33m households, could begin this year.

Interest shown in Brazil power sale

By Jonathan Wheatley in São Paulo

The southern Brazilian state of Rio Grande do Sul said yesterday that 15 local and foreign banks and electricity companies had expressed interest in its planned sale next month of two electricity distribution companies which is expected to raise at least $1bn.

The state said a full tender document for the October 21 sale, containing minimum prices and a list of qualified bidders, would be published on September 18.

The sale is the latest step in Brazil's ambitious privatisation programme. It involves sales of electricity, telecommunications and other infrastructure assets worth an estimated $80bn over the next three years. In May, the government sold control of CVRD, the mining group, for $3.2bn.

The Rio Grande do Sul sales mark the first stage in the privatisation of the state's electricity industry, resulting from the break-up of CEEE, the state holding company, earlier this month.

CEEE's distribution capacity has been split into three units, of which one will remain under state control pending a possible later sale. The state will also retain a hydroelectric power station and transmission infrastructure. A thermoelectric power station will be passed to the federal government in payment of state debts.

The state said companies that had expressed an interest included the US groups AES, Community Energy Alternatives of New Jersey, and IES of Iowa. Tractebel of Belgium, Perez Companc of Argentina and SACA of Venezuela were among the others.

The companies to be sold cover the centre-west and north of the state. The centre-west company supplied 5.772 gigawatt hours to 804,000 customers last year, with turnover of about R$416m (US$381m). The northern company sold 4.611 gigawatt hours to 839,000 customers for about R$383m.

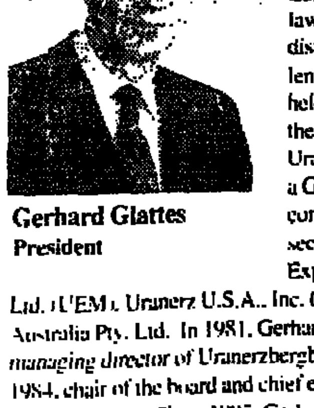
The sales will take place by a sealed-bid auction, with the possibility of a further open auction if the two highest bids are separated by 5 per cent or less of the higher value.

No consortium will be allowed to win both auctions. Brazilian state-owned companies are limited to a maximum share of 15 per cent in bidding consortia and may not qualify as operating companies.

Last December, Rio Grande do Sul sold a 35 per cent "operating stake" in its telephone company, CRT, for R$681m. Other states have sold electricity companies and Sao Paulo, the most industrialised state, plans to sell energy assets worth about $20bn.

Appointment

Bernard Michel, President, Chair and Chief Executive Officer of Cameco Corporation, is pleased to announce the appointment of Gerhard Glattes to the position of President, Kumtor Operating Company. The appointment was effective July 1, 1997.



Gerhard Glattes
President

Gerhard graduated from the University of Cologne with a degree in law, specializing in European and energy law. Throughout his distinguished and lengthy career, Gerhard held positions as head of the law department at Uranerzbergbau-GmbH, a German mining company, and as secretary of Uranerz Exploration and Mining Ltd. (UEM), Uranerz U.S.A., Inc. (UUS), and Uranerz Australia Pty. Ltd. In 1981, Gerhard was named managing director of Uranerzbergbau-GmbH, and in 1984, chair of the board and chief executive officer of UEM and UUS. Since 1995, Gerhard has worked as an international consultant in the area of corporate management.

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Notice of Subsequent Events

NOTICE IS HEREBY GIVEN that in accordance with the Ordinary Resolution duly passed at a meeting of Noteholders held on 12th May 1997, the following events have occurred: (i) beginning on 16th July 1997, the Assets referred to in the Resolution were transferred from the Issuer to Puma Petrolera S.A. ("Puma"); (ii) the Deed of Guarantee, dated as of 17th July 1997, was executed and delivered in the form referred to in paragraph 2 of the Resolution by Puma as guarantor and Sociedad Comercial del Plata S.A. ("SCP") as contingent guarantor; and (iii) the shareholders of Puma, pursuant to a pre-incorporation meeting held on 23rd June 1997 and implemented by Puma pursuant to a Board resolution dated 17th July 1997, authorized the distribution of all of the Assets to SCP by merger into SCP and dissolution and winding-up of Puma, consequent upon which SCP under Clause 2.02 of the Deed of Guarantee has become solely liable (replacing Puma) for the payment of all sums which the Issuer is at any time liable to pay in respect of the Notes and which the Issuer has failed to pay.

Copies of the Deed of Guarantee and the English translation of the corporate approvals of Puma are available for inspection and copying at the office of the Fiscal Agent. Noteholders with any questions regarding this notice are advised to contact Banque Paribas Luxembourg, attn: Dept. Operations de Marche, at 10A Boulevard Royal, L-2955 Luxembourg, or the Guarantor at its offices located at Alicia Moreau de Justo 400, (1107) Buenos Aires, Argentina.

Dated 13th August 1997

Given by: The Board of Directors of Puma Petrolera S.A.

NATIONAL BANK OF CANADA

US$ 150,000,000
Floating Rate Subordinated Debentures
due 2087

In accordance with the provisions of the Debentures, notice is hereby given that for the six month interest period from August 29, 1997 to February 27, 1998 the Debentures will carry an Interest Rate of 4.50% per annum, adjusted in accordance with a notice published on March 20, 1997.

The Interest payable on the relevant Interest Payment Date, February 27, 1998 will amount to US$ 227.50 for Debentures of US$ 10,000 nominal and US$ 2,275.00 for Debentures of US$ 100,000 nominal.

The Reference Agent
Kredietbank Luxembourg

Renault ends link with Volvo

By Andrew Jack in Paris and Tim Burt in Stockholm

Renault yesterday ended its failed collaboration with Volvo by selling its remaining stake in the Swedish car and truck group.

The French carmaker said it would make a capital gain of a little more than FFr1bn ($164m) on the deal, helping it return to net profits for 1997 after FFr5.2bn losses for 1996.

But Renault's shares fell 3.6 per cent yesterday to close at FFr159. Volvo's most traded B shares fell SKr3 to SKr203.50.

The sale of Renault's outstanding 2.9 per cent holding – representing 12.7m shares and 7.7 per cent of the voting rights – follows Volvo's sale of its residual 11.4 per cent stake in Renault this month.

Yesterday the Swedish company, which is expected to make a capital gain of about SKr750m ($95m) on its Renault stake, said the shares sold by Renault were not part of the original cross-holding that formed the basis of their abortive 1990 alliance.

It said Renault was offloading the rump of a separate 10 per cent stake built up in AB Volvo, the Volvo parent company. Morgan Stanley Dean Witter bought the shares to resell at SKr201.75 each. Most are thought to have been placed with Scandinavian financial institutions within hours.

The disposal marks the end of a turbulent relationship, which in 1993 saw their hopes for a full-scale merger evaporate in the face of strong opposition from Volvo shareholders.

Until then, Renault held 25 per cent of Volvo cars and 45 per cent of Volvo trucks, while the Swedish company controlled up to 20 per cent of its French rival and 45 per cent of its truck division. Those holdings have declined since 1993.

Renault stressed that after the failure of the merger with Volvo its stake in the group had become purely financial. It had decided to sell in view of the recent rise in the Swedish group's share price.

It said it still had industrial agreements with Volvo for the sale of components and gearboxes.

It maintained forecasts made in March by Mr Louis Schweitzer, chairman, that it would be at operational break-even in its car division for 1997.

INTERNATIONAL NEWS DIGEST

Rival digital networks merge

DF-1, the German digital pay-TV network owned by Kirch Group, is to be dissolved into Premiere, a rival subscription channel. The move, which had been expected, ends a year-long battle between Kirch and Bertelsmann, Europe's biggest media company, for pole position in the emerging digital pay-TV market in Germany.

By January 1, the DF-1 channels will be transferred to Premiere, which will be jointly owned by Kirch and CLT-Ufa, the Luxembourg-based broadcaster in which Bertelsmann has a 40 per cent stake. At the same time, Premiere will be upgraded from its analogue transmission system to digital. The unified channel will retain two bases – one in Munich where DF-1 is located, the other in Hamburg where Premiere is based. Rolf Schmidt-Holz, chief executive of CLT-Ufa, said the decision was "the result of a ruinous competition" between his company and Kirch which had driven up prices for programmes and confused consumers. Since its launch in July 1996, DF-1 has consumed over DM1bn ($552m) in investment.

Frederick Stüdemann, Berlin

■ DENMARK

Rentokil helps Berendsen rise

Sophus Berendsen, the Danish company which owns 36 per cent of Rentokil of the UK, yesterday reported an increase in first-half pre-tax profits from DKr640m to DKr845m ($122.6m). Rentokil helped a strong rise in the share of profits from associated companies from DKr533m to DKr723m.

Profits after net financial items on Berendsen's other activities, which include European laundry services and distribution businesses, were ahead from DKr107m to DKr122m on turnover up from DKr3.3bn to DKr3.59bn.

Hilary Barnes, Copenhagen

■ CONSTRUCTION SUPPLIES

Disposals boost FLS

FLS Industries, the Danish conglomerate with interests in cement mills and machinery and building materials, improved profits after net finances from DKr327m to DKr606m ($87.9m) in the first half. This year's figure included DKr168m from disposals.

Operating profits were up from DKr304m to DKr373m on sales ahead from DKr9.93bn to DKr10.52bn. Earnings per share increased from DKr7 to DKr15. The improvement in operating earnings came primarily from its Danish building materials companies and as a result of a reduction from DKr46m to DKr23m in losses at FLS Aerospace, its UK-based aircraft maintenance business. Pre-tax profits at F. L. Smidth-Fuller Engineering, the group's Danish-American manufacturer of cement mills and associated equipment, were virtually flat at DKr172m on sales up from DKr3.59bn to DKr3.98bn. *Hilary Barnes*

■ DENMARK

Moller Maersk moves ahead

Operating profits at the A. P. Moller Maersk shipping, oil and gas and industrial group advanced "considerably" in the first half, with realised gains from sales of ships lifting profits further. But the gains were offset by losses on dollar debt as a result of a 12 per cent increase in the value of the dollar against the krone. The pre-tax result was "slightly above" that of 1996, according to the interim statement. The group predicted full-year operating profits would be considerably above last year's DKr3.3bn ($479m) and the net result "somewhat above" last year's DKr2.24bn. *Hilary Barnes*

■ TRANSPORT

Overseas units lift Brambles

Brambles, the Australian transportation group, reported a 13 per cent rise in full-year profit to a record A$243.2m (US$180.25m) on strong earnings growth in North America. John Fletcher, chief executive, said overseas activities now accounted for about half the group's profit, helping to protect it against a slower domestic performance. Earnings from North America rose 43.5 per cent, while Europe rose 10 per cent. Brambles acquired two German operations during the year. Sales fell 10 per cent to A$2.67bn reflecting some disposals and the effects of currency movements.

Elizabeth Robinson, Sydney

■ MINING

Orogen set to meet forecasts

Orogen, the mining group formed to hold resources projects for the government of Papua New Guinea, said it was on course to meet full-year forecasts made in the prospectus for partial flotation on the Australian stock exchange last November. It said net profits in the first half were K25m ($11.1m), compared with its full-year forecast of K42m. Production at the Kutubu oil field was ahead of forecasts at 14.9m barrels in the first six months, and helped offset lower output at the Porgera gold mine which has been hampered by weather conditions.

Elizabeth Robinson

■ AIRLINES

Air India sees losses of $10m

Air India, the country's state-owned international air carrier, has recorded an estimated first-quarter loss of more than $10.2m on revenues of $256m, after projecting that it would earn profits of $2m during the period. Company sources said the discrepancy was due to an over-optimistic assessment of conditions by the outgoing managing director last year.

Jitender Bhargava, an Air India spokesman, blamed the losses on depreciation from the purchase of new aircrafts several years ago, high interest rates, and the lingering after-effects of a cut-throat price war.

However, the company said it could break even by the end of the year. *Amy Louise Kazmin, New Delhi*

■ ISRAEL

Bank Hapoalim jumps 30%

Bank Hapoalim, Israel's largest, yesterday said net profits for the first half jumped 29.7 per cent, buoyed by a rise in earnings from financing activities and a cut in provision for doubtful debts. The results come amid preparations for negotiations with two investment groups competing to buy up to 69 per cent of the government's stake in Hapoalim. MI Holdings, the agency charged with selling the bank, this week valued Hapoalim at Shk9.8bn-Shk10.3bn ($2.8bn-$2.9bn) against the market value of Shk9.5bn. Net profits rose $36m to $160m. Net return on equity was up from 11.8 per cent to 14.4 per cent. "These results are good," said Daniella Finn, analyst at Batucha Securities. Provisions for doubtful debts fell sharply, by 25 per cent from $128m in the first half last year to $95.6m this time. *Judy Dempsey, Jerusalem*

Rheinmetall and Kolbenschmidt dismiss renewed talk of a deal

T&N proposes piston link

By Ross Tieman in London and Graham Bowley in Frankfurt

T&N, the UK automotive engineer, will approach German conglomerate Rheinmetall to propose a combination of its piston business with that of Pierburg Kolbenschmidt, a company to be created by merging the automotive interests of Rheinmetall and Kolbenschmidt, the German engineer, this autumn.

T&N has been pursuing Kolbenschmidt for three years in the belief that a combination of its piston manufacturing business with that of Kolbenschmidt would permit efficiency gains and create the world's largest piston maker, leapfrogging Mahle of Germany. However, an earlier proposal was blocked by the Cartel Office, Germany's anti-trust watchdog.

Sir Colin Hope, T&N chairman, said: "We would be expecting to take the initiative to see if the businesses could come together." He anticipated a constructive response from Rheinmetall chairman Hans Brauner.

But his optimism that the merger partners might countenance an approach were dismissed by both. Rheinmetall said it was very astonished. "We have said before that there is no consideration of any kind of joint operation in the field of pistons, and we say the same again. There is no joint venture with T&N."

Mr Jakob Lux, for Kolbenschmidt, said: "The situation has not changed. The competition is still the same. The cartel office would not let this go ahead."

Sir Colin said he believed a deal would become possible because while the piston business was at the core of Kolbenschmidt, Pierburg Kolbenschmidt would be a small part of Rheinmetall's portfolio.

He was encouraged by the departure of Heinrich Binder, formerly Kolbenschmidt's chief executive. Mr Binder initially welcomed previous merger talks with T&N, but changed tack after the cartel office expressed alarm about excessive consolidation in the manufacture of piston rings. Sir Colin said the new approach would exclude piston rings, and therefore fall under the jurisdiction of merger authorities at the European Commission rather than the Cartel Office.

T&N yesterday revealed profits for the half year to June 30. Bolstered by £29.4m ($47.9m) of disposal proceeds, pre-tax profits almost doubled to £114.7m (£58.1m).

CGE in agreed bid for Leigh

By James Blitz

Compagnie Générale des Eaux, the acquisitive French conglomerate, yesterday ended weeks of speculation over its ambitions to buy into the UK waste disposal business by launching an agreed £116m ($189m) offer for Midlands-based Leigh Interests.

In the latest indication of the French group's seemingly insatiable appetite for UK businesses, General Utilities, its UK arm, joined Leigh Interests in announcing a merger that would make the newly formed company the market leader in terms of turnover in waste management.

General Utilities started the day by offering 175p cash for each Leigh share, compared with a price of 120p about two weeks ago when speculation over a possible takeover emerged.

In an unusual move, General Utilities then followed the announcement by buying Leigh shares aggressively in the market. By the end of trading, it had amassed 29.9 per cent of the UK company.

Several market analysts said General Utilities' "belt and braces" takeover bid had taken them by surprise. But there were indications that the French company had decided to buy the stock rather than wait for shareholder approval for fear that a third company – possibly in Europe – might make a rival bid.

Boots to take £180m charge on Stanley sale

By Peggy Hollinger

Boots yesterday began in earnest to unwind its disastrous acquisition of Ward White eight years ago with the sale of AG Stanley, the lossmaking home decorating group.

The business, which operates the downmarket FADS format and the updated Homestyle chain, is being sold for a nominal sum to Alchemy Partners, a private venture capital group formed earlier this year. Boots has promised to transfer AG Stanley with cash balances of £7.55m ($12.3m).

The high street retailer's shares jumped sharply on the news, although they closed 14p lower at 803p in a depressed market.

Boots will take an exceptional £180m charge on this year's profits, but some £122m of this relates to goodwill charges.

Analysts expressed relief that Boots had finally shed one of its most consistently underperforming retail businesses in a deal which was expected to be marginally earnings enhancing on an underlying basis.

They said they now expected Boots to consider the eventual sale of Do It All, the home improvement group partially acquired in the Ward White deal. Boots also retains Halfords, the car parts retailer, the only Ward White business to have returned consistent profits in recent years.

The deal is a reminder of the problems Boots suffered when it sought to diversify away from its core personal healthcare retail expertise through its bitterly fought £900m takeover of Ward White in 1989. The takeover was closely associated with Lord Blyth, who had become Boots chief executive less than two years before.

One analyst said yesterday: "In terms of earnings per share it is a good deal, but in terms of the last 10 years it is rotten."

Analysts estimated the deal would cost Boots £500,000 of lost interest through its cash injection, but said it would eliminate both trading losses and the potential liability posed by leases on AG Stanley's second-rate property portfolio. Alchemy is buying the leases on 295 of AG Stanley's 322 stores, and has a five-year option to buy a further 27, valued at £7.5m, for £3m.

In the past four years, AG Stanley has incurred losses of almost £34m and was forecast to incur further losses of at least £7m this year. Boots said it had invested £60m in the business.

Reckitt favours buy-backs

By John Willman, Consumer Industries Editor

Reckitt & Colman would like to repeat last year's share buy-back on a regular basis but is searching for a tax-efficient way of doing it, Vernon Sankey, chief executive, said yesterday.

His remarks came as the household products and pharmaceuticals group reported a fall in first-half pre-tax profits for the six months to July 5, down from £179m to £165.1m ($269.1m).

But Reckitt said that once the appreciation of sterling had been stripped out, adjusted profit at constant exchange rates had risen 10.1 per cent. Operating margins were up from 16.5 per cent to 17.3 per cent and turnover had risen 5.8 per cent in local currencies.

The group hailed the results as evidence that its strategy of focusing on brand leaders and globalising its products was paying off. Turnover, which fell 4.1 per cent from £1.16bn to £1.11bn, would have been £114.8m higher at constant exchange rates.

However, the shares ended the day 20¼p down at 961p amid fears that companies such as Reckitt would be adversely effected by the currency turmoil in south-east Asia.

Mr Sankey held open the prospect of a further share buy-back, following last year's return of cash to shareholders which effectively bought back 5 per cent of the shares. But he ruled out a special foreign income dividend (FID), the method used in October to claw back the advance corporation tax payable on a normal buy-back.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Arnotts .... 6 mths to Jul 31	31.9	(30.4)	2.62	(2.4)	14.7	(10.9)	4	Dec 18	3.75	-	11
Country Gardens Φ .. 6 mths to June 30	27.8	(19.6)	3.36	(2.23)	14.3	(11.5)	0.6	Oct 1	-	-	1.6
Dawsongroup .... 6 mths to June 30	23.8	(28.3)	2.95	(4.3♥)	6.3	(9.2)	2.1	Nov 3	2	-	6
Era .... 14 mths to Feb 28#	91.7	(77.3)	13.3L♠	(1)	10.27L♠	(0.34)	-	-	0.1	-	0.1
Guinness Peat .... 6 mths to June 30	52.9	(41.2)	19.6♥	(11.2)	1.37	(1.12)	-	-	-	-	0.23§§
Inveresk .... 6 mths to May 31	66	(73.9)	2.6	(2.78L♠)	3.4	(3.7L)	1.93	Oct 15	1.93	-	5.79
Irish Continental♣ .... 6 mths to Apr 30	48.3	(47)	1.81L	(1.94L♥)	7.1L	(7.4L)	2.16	Oct 22	1.8	-	5.4
Isotron .... Yr to June 30	11.9	(9.7)	4.55	(3.75)	25.5	(20.2)	4.14	Nov 14	3.76	6.35	5.77
Kingspan ♣ .... 6 mths to June 30	117.8	(52.8)	13.1	(5.09)	29.9†	(14.3)	2.1	Oct 20	1.7	-	4.5
Ladbroke .... 6 mths to June 30	1,949	(1,982)	101.2	(64.2♠)	6.54	(3.75)	2.6	Dec 1	2.4	-	6.2
Macfarlane .... 6 mths to June 30	94.5	(76.2)	10.4	(10.3)	5.66	(5.68)	1.55	-	1.47	-	4.09
MRP Φ .... Yr to Mar 31	0.258	(0.159)	0.068♥	(0.038♠)	2.46†	(1.65)	1.25	Oct 1	1	1.25	1
Provident Financial .... 6 mths to June 30	209.2	(209.7)	54.7	(47.5)	13.83	(11.77)	7.75	Oct 31	6.5	-	16.5
Quicks .... 6 mths to June 30	176	(184)	3.1	(2.79)	8.9	(7.8)	3.25	Nov 7	2.75	-	7
Reckitt & Colman .... 6 mths to July 5	1,112	(1,185)	165.1	(179♥)	29.1‡	(29.7)	8.7大	Jan 6	7.95	-	23.37大大
Rolls-Royce .... 6 mths to June 30	2,335	(1,900)	116	(169L♠)	6.5	(12.27L)	2.2	Jan 5	2	-	5.5
Slough Estates .... 6 mths to June 30	138.2	(109)	50.5♥	(37.4♠)	8.5	(5.7)	3.4	Oct 10	3.25	-	9
Stanelco .... 6 mths to Apr 30 ⚹	0.957	(1)	0.021L	(0.021)	0.003L	(0.003)	-	-	-	-	-
Sunleigh .... 6 mths to June 30	17.7	(22.5)	0.32♥	(0.965)	0.05	(0.15)	-	-	-	-	1
T&N .... 6 mths to June 30	977	(1,098)	114.7♥	(58.1♠)	13.9	(6.5)	3.2	-	3	-	6
Technoplast ☆ .... 6 mths to June 30	37	(30.7)	3.7	(4.31)	0.24	(0.34)	-	-	-	-	-
Visual Action .... 6 mths to June 30	58	(43.8)	8.69♥	(3.56)	10.4†	(6.3)	1.7	Oct 10	1.2	-	4.1

Investment Trusts	NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Framlington 1000 .... Yr to June 30	174.21	(168.59)	1.3	(1.07)	2.9	(2.4)	2.4	Oct 16	2.25	2.4	2.25
Gartmore Shared .... 3 mths to July 31	109.1	(101.6♦)	1.53	(1.14)	2.31	(1.72)	2.475	Sept 30	2.475	-	9.895
Jos .... Yr to July 31	324.5	(259.6)	0.887	(0.826)	13.73	(12.79)	4.55	Oct 14	3.61	14	13.6
Scottish .... 9 mths to July 31	385.4	(322♦♦)	15.2	(16)	5.37	(5.63)	-	-	-	-	5.95

Earnings shown basic. Dividends shown net except §§Gross. Figures in brackets are for corresponding period. ΦAim stock. ♠After exceptional charge. ♥After exceptional credit. #Comparatives for 12 months to December 31 1995. †On increased capital. ♣Irish currency. ‡On reduced capital. 大Foreign income dividend. 大大Includes FID element. ☆Israeli currency. ⚹Comparatives for six months to August 31 1996. ♦At April 30. ♦♦At October 31.

NOTICE OF EARLY REDEMPTION
to the Noteholders of

YTB FINANCE (ARUBA) A.E.C.

Guaranteed Subordinated Fixed/Floating Rate Notes due 2002 (the "Notes")

NOTICE IS HEREBY GIVEN that pursuant to the terms of the Paying Agency Agreement dated the 24th of September, 1992, between YTB Finance (Aruba) A.E.C. (the "Company"), The Yasuda Trust and Banking Company, Limited (the "Guarantor"), Yasuda Bank and Trust Company (U.S.A.), as principal paying agent, Chase Manhattan Trustees Limited, as Trustee and Others, the Company has elected, pursuant to Section 4(b) of the Terms and Conditions of the Notes, to redeem the entire outstanding principal amount of U.S.$180,000,000 of the Company's Notes on September 24, 1997 (the "Redemption Date") at the price of 100% of the principal amount thereof (the "Redemption Price"). Payment of the Redemption Price will be made upon presentation and surrender of the Notes, at the below-listed paying agents. The September 24, 1997 interest will be paid in the usual manner. Interest on the Notes will cease from and after the Redemption Date.

On and after the Redemption Date, the sole right of the holders of the Notes shall be to receive payment of the Redemption Price less any deductions for missing coupons.

Payment will be made at any of the following paying agencies listed below:

The Yasuda Trust and Banking Company, Ltd.
London Branch
1 Liverpool Street
London EC2M 7NH

The Chase Manhattan Bank, NA
Woolgate House
Coleman Street
London EC2P 2HD

Payment pursuant to the presentation of the Notes for redemption made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 31% of the gross proceeds (including premium, if applicable) if a payee fails to provide a paying agent with an executed IRS Form W-8 in the case of a non-U.S. person and executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their accurate Taxpayer Identification Number and fail to do so may also be subject to an IRS penalty of U.S.$50.00. Accordingly, please provide all appropriate certification when presenting the Notes for payment.

YTB FINANCE (ARUBA) A.E.C.
By: YASUDA BANK AND TRUST COMPANY (U.S.A.)
as Principal Paying Agent

Dated: August 29, 1997

NOTICE OF REDEMPTION
To the Holders of
Lloyds TSB Group plc
(formerly known as TSB Group plc)
(Incorporated in Scotland with limited liability, registered number 95000)
(the "Issuer")
£100,000,000 Perpetual Floating Rate Notes
(the "Notes")

NOTICE IS HEREBY GIVEN that, in accordance with Condition 5(a) of the Terms and Conditions, all of the outstanding Notes will be redeemed by the Issuer on 30th September, 1997 (the "Redemption Date"). The Issuer will redeem the Notes at their principal amount plus accrued interest to the date fixed for redemption, when interest shall cease to accrue. Payment of principal and interest will be made in accordance with Condition 4 of the Notes upon presentation and surrender of the Notes at the office of the Principal Paying Agent listed below. Claims for payment of principal will become void after 12 years and claims for payment of interest will become void after six years from the Relevant Date (as defined in Condition 6 of the Notes).

PRINCIPAL PAYING AGENT
Bank von Ernst & Cie AG
Marktgasse 63-65
CH-3001 Berne
Switzerland

LLOYDS TSB GROUP plc
By: Bank von Ernst & Cie AG
as Principal Paying Agent
Dated: 29 August, 1997

Morgan Grenfell Group plc

US$200,000,000
Undated primary capital floating rate notes

For the interest period 29 August 1997 to 27 February 1998 the rate of interest will be 6.125% per annum.

The interest payable on 27 February 1998 will be US$309.65per US$10,000 note and US$7,741.32 per US$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

U.S. $125,000,000

1784

BANK OF BOSTON CORPORATION

Floating Rate
Subordinated Notes Due 1998
Issued 26th August 1986

Interest Rate	5.80% per annum
Interest Period	29th August 1997 28th November 1997
Interest Amount per U.S. $50,000 Note due 28th November 1997	U.S. $733.06

Credit Suisse First Boston (Europe) Ltd.
Agent

First Bank System, Inc.

US$200,000,000
Subordinated floating rate notes due 2010

Notice is hereby given that for the interest period 29 August 1997 to 28 November 1997 the notes will carry an interest rate of 5.875% per annum and that the interest payable on the relevant interest payment date 28 November 1997 will amount to US$148.51 per US$10,000 note and US$3,712.67 per US$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

ROLLS ROYCE

Rolls-Royce

Half Year Results 1997

"We have established a very broad range of competitive aero-engines and the results of this strategy are demonstrated in our strong sales growth and record order book.

"The repositioning of the industrial power business continues. The company's strategy of concentrating upon those businesses which can command significant world market positions is expected to lead to improving returns.

"While some of our business has been won under intense competitive pressure, we are building a high quality long term business upon today's successes. With our increasing efficiency and the future aftermarket opportunity we have created, we can continue to improve the profitability of the company and deliver value to shareholders."

Sir Ralph Robins *Chairman*

Group Profit and Loss Account

	Half year to 30 June 1997 Unaudited £m	Half year to 30 June 1996 Unaudited £m	Year to 31 December 1996 Audited £m
Turnover -ongoing operations	2,244	1,774	4,045
-operations to be discontinued	91	126	246
Total	2,335	1,900	4,291
Operating profit/(loss)			
-ongoing operations	115	96	242
-operations to be discontinued	–	(116)	(116)
Total	115	(20)	126
Profit/(loss) before tax	116	(169)	(28)
Taxation	(20)	(10)	(16)
Minority interests	–	(1)	(3)
Profit/(loss) attributable to shareholders	96	(180)	(47)
Dividends	(33)	(29)	(78)
Transferred to/(from) reserves	63	(209)	(125)
Earnings/(loss) per share			
-net basis	6.50p	(12.27)p	(3.19)p
-before exceptional and non-operating items	6.50p	4.64p	12.70p

Group Balance Sheet & Cash Flow

Net cash balances	293	250	284
Equity shareholders' funds	1,373	1,225	1,303

In July 1996 the directors made the strategic decision to withdraw from the large steam power generation business of the Industrial Power Group (Parsons Power Generation Systems and International Combustion). An exceptional loss of £248m was recorded in this respect in 1996.

The interim dividend of 2.20p (1996: 2.00p) is payable on 5 January 1998 to shareholders on the register on 24 October 1997. The ex-dividend date is 20 October 1997.

Rolls-Royce plc, 65 Buckingham Gate, London SW1E 6AT.
www.rolls-royce.com

Rolls-Royce

The comparative figures for the year to 31st December, 1996 have been abridged from the Group's accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. Details can be obtained from the above address.

INTERNATIONAL CAPITAL MARKETS

Dovish Tietmeyer lifts Europe

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Bond markets moved into firmer territory late yesterday after a sluggish early performance as investors digested comments from Hans Tietmeyer, Bundesbank president, that signalled a more dovish stance on German interest rates. A firmer opening in the US bond market underpinned Europe's late gains.

Mr Tietmeyer said no interest rate rise had been agreed, adding that the issue was "an open question".

The comment helped GERMAN BUNDS to rally in late trading. "There is no doubt Mr Tietmeyer was adopting a more dovish stance and bunds took comfort from it," said Huw Roberts, chief bond strategist at NatWest Markets. But he said there had been "no noticeable buying" and volumes were still thin, with much of the rally futures-inspired.

The September bund futures contract settled 0.33 higher at 102.28 in London but pushed up further in later trading, breaking through 102.30. Analysts said this was a positive signal for the market in the short term. "If the break above 102.30 can be sustained the bulls could start to gain the ascendancy again," one analyst said. Late yesterday the future was trading at 102.37.

The rally in bunds lifted European markets. ITALIAN BTPs took the Bundesbank comment as a positive factor amid nervousness about the Italian welfare reform talks, which resumed yesterday. The September future settled 0.34 higher at 135.63. The spread of BTPs over bunds was 103 basis points.

Investors were hoping the new doubts about whether German interest rates would rise would open a window of opportunity for the Bank of Italy to ease its own rates. Analysts said the bank had scope to do so following good inflation figures.

UK GILTS underperformed bunds but still felt the benefit of the German rally. The spread of gilts over bunds widened to 152 basis points, while the September gilt futures contract settled at 114½, up $\frac{7}{32}$, with the markets awaiting retail sales and export figures for August as a guide to where UK interest rates stand.

JAPANESE GOVERNMENT BONDS took a breather after their recent record-breaking performance. In London the yield on the 10-year bond eased to 2.01 per cent after closing in Tokyo at 2.035 per cent.

The early uncertainty in overseas markets helped to keep US TREASURY prices firm in early trading, in spite of the release of an upward revision to second-quarter gross domestic product.

At midday the 30-year Treasury bond was $\frac{9}{32}$ higher at $96\frac{29}{32}$, yielding 6.613 per cent. The 10-year note was up $\frac{7}{32}$ to $98\frac{17}{32}$, yielding 6.317 per cent, and the two-year note had risen $\frac{1}{32}$ to $99\frac{31}{32}$, yielding 5.926 per cent.

The Commerce Department reported that GDP for the second quarter rose a strong 3.6 per cent, a revision to the 2.2 per cent rise reported previously. First-quarter GDP was recently revised to 4.9 per cent growth.

Analysts expect higher inventory build-ups earlier in the year to put a drag on growth for the second half of the year.

"We knew GDP would be revised higher, and it was fully priced into the market," said Richard Gilhooly, international bond strategist at Paribas Capital Markets in New York.

An initial sell-off after the GDP report was met with buying from overseas investors, which helped to move prices higher, he added.

Five-year loan for Vietnam coal group

By Jeremy Grant in Hanoi

Vietnam's biggest coal mining company, Vinacoal, yesterday signed a $30m, five-year syndicated loan with arranger Citicorp of the US and a syndicate of six participating banks.

The deal, priced at 185 basis points over the Singapore interbank offered rate, is the largest borrowing by a state-owned company in Vietnam and comes when bankers have become very selective in their exposure to Vietnamese risk.

Other participating banks are Citibank NA, First Commercial Bank (Tokyo branch), Credit Agricole Indosuez, Chang Hwa Commercial Bank, Cho Hung Bank and Banque Française du Commerce Exterieur (BFCE). Clarence T'ao, managing director of Citicorp in Hong Kong, said the offer was oversubscribed.

The loan pricing reflects intense competition between the roughly 25 foreign banks with branches in Vietnam, exacerbated by a scarcity of healthy state-run companies and a reluctance by most to make their accounts public.

Earlier this week, Vietnam Airlines clinched a $15m syndicated loan with ANZ Bank.

However the offer's main attraction was that it was secured on Vinacoal's hard currency earnings from robust exports of anthracite coal, one of Vietnam's leading exports. Bankers have recourse to an offshore escrow account into which coal export earnings are to be channelled.

The borrowing is Vinacoal's first foray into the international capital markets.

CAPITAL MARKETS NEWS DIGEST

Angolan oil group to raise $400m

Sonangol, the Republic of Angola's state-owned national oil company, yesterday agreed a $400m syndicated loan with Union Bank of Switzerland. The three-year loan, its fifth since 1989, is effectively a pre-payment to Sonangol by British Petroleum for a 30,000 bpd oil supply agreement lasting three years.

Under the structure, UBS will receive the monthly oil receipts from Sonangol and will reimburse Sonangol with anything in excess of the monthly interest rate charges it owes. The structure, which was pioneered through a $310m loan to Sonangol in late 1995, has become standard in the emerging market commodities sector over the last two years.

According to the terms of the deal, UBS, the sole arranger, has the right to compel pre-payment of the loan within 12 months if Sonangol defaults. This gives the arranger added security on what is considered a relatively high-risk transaction.

Sonangol will pay a margin of 190 basis points over Libor for the first six months, 180 basis points for the next six months and 175 basis points over Libor thereafter. This compares with a spread of 200 basis points over Libor for the second and third years of its previous syndicated loan. Sonangol will use part of the proceeds to repay its previous loan. *Edward Luce*

■ CROATIAN PRIVATISATIONS

Daiwa to advise on Pliva sale

The Croatian government has appointed Daiwa Europe to advise on the privatisation of another tranche of Pliva, the pharmaceuticals group that pioneered the country's entry into the international capital markets last year.

Pliva, the biggest pharmaceuticals group in eastern Europe in turnover terms, was the subject of Croatia's first ever international public offering of shares in March last year. The government raised $140m when it sold about 30 per cent of the company in an offering heavily oversubscribed by foreign investors.

The IPO made Pliva the first manufacturing company from post-communist central and eastern Europe to list its shares on the London stock exchange. At the time, the government saw the listing as a way to raise its profile among international investors as it sought to repair its war-damaged reputation and raise funds for reconstruction.

UBS and the Croatian bank Zagrebacka Banka acted as global co-ordinators on that issue, which valued Pliva at some $510m. Few details of what the government intends to do this time have been finalised, but a timetable for Pliva's further privatisation is expected to emerge over the next few weeks.

Pliva had revenues last year of $418m and net income of $84m. Its shares dominate trading on the Zagreb stock exchange, where it is also quoted following last year's offering. *Vincent Boland*

World Bank taps retail sectors

INTERNATIONAL BONDS

By Edward Luce and Samer Iskandar

The World Bank dominated issuance yesterday, tapping two different sectors with retail-targeted deals.

Its first deal brought the New Zealand dollar back into focus. It was only the sector's second coupon global, after Fannie Mae's NZ$500m offering in June.

An official at lead manager Hambros Bank said investors had been reassured by the stabilisation of the New Zealand dollar against the US dollar in the last three weeks, after depreciating by 8 per cent since May.

"Short-term interest rates have risen in New Zealand to defend the currency but it looks like they will fall now it is steady," he said.

In addition, institutional investors were attracted to the higher spread on New Zealand bonds vis-à-vis Australian government bonds and US Treasuries. The spread over three-year Australian government bonds was 169 basis points.

The bond, which will be priced today, will have a spread of 15 basis points over the New Zealand yield curve. Officials reported good buying from European and US funds and also expected strong retail demand.

The supranational also issued £150m of sterling-denominated bonds mainly targeting Japanese investors. Lead manager Nomura said the 4.25 per cent coupon compared favourably with alternative investments such as the Japanese five-year deposit rate, which stands at an historic low of 1 per cent.

The bonds were also issued at a deep discount of almost 10 per cent below par. "Since sterling is at a relatively high level against the yen, the discount offers an effective cushion against currency fluctuations," a syndicate official said.

LLOYDS BANK tapped the sterling sector with a £200m issue of perpetual notes. The structure qualifies the proceeds as upper tier 2 capital for regulatory purposes.

BZW, joint lead manager with SBC Warburg, said borrowers were eager to tap longer maturities as a result of the inversion of the UK yield curve.

The lead managers pointed out Lloyds' financial strength rating of A, the highest on Moody's scale. "Lloyds is only one of two UK banks, along with Halifax, to have this rating," BZW said.

DEUTSCHE AUSGLEICHSBANK, the state-owned German quasi-sovereign, came to the dollar sector for the second time this year with a $500m offering yielding 18 basis points over Treasuries.

This is 10 basis points wider than its last five-year offering in March, to reflect the general secondary market widening since then, said an official at Salomon Brothers, joint lead with Commerzbank. About two-thirds of distribution so far has gone to non-German investors, with strong UK institutional demand.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
Deutsche Ausgleichsbank	500	(a)#	(a)R	Sep 2002	0.25R	+18(6¼Aug02)	Commerzbank/Salomon
■ D-MARKS							
Haindl Finance	200	6.625	99.57R	Sep 2007	0.625R	+100(6Jul07)	BayerVB/Deutsche MG
■ STERLING							
Lloyds Bank(b)	200	8.00	99.453R	undated	0.625R	+90(8%-2021)	BZW/SBC Warburg
World Bank★	150	4.25	90.06	Sep 2002	1.25	-	Nomura International
■ SWISS FRANCS							
Mercury Energy	100	2.50	99.45	Oct 2002	2.00	-	UBS
■ NEW ZEALAND DOLLARS							
World Bank	500	(c)#	(c)R	Sep 2000	0.15R	+15(i)	Hambros Bank
■ LUXEMBOURG FRANCS							
BNG(i)	2bn	5.50	102.45	Dec 2005	2.00	-	ABN Amro/BGL

Final terms, non-callable unless stated. Yield spread (over govt bond) at launch supplied by lead manager. ★Unlisted. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Priced today. b) Callable on 29/9/23 and every 5 yrs at par. If not called coupon resets 190bp over 5yr gilts. c) Priced today. i) Over interpolated yield. () Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/07	123.7103	+1.060	6.73	6.60	6.55
Austria		5.625	07/07	99.4100	+0.370	5.70	5.66	5.62
Belgium		6.250	03/07	103.4500	+0.350	5.76	5.70	5.66
Canada *		7.250	06/07	109.0900	+0.540	6.00	6.00	5.99
Denmark		7.000	08/07	105.2800	+0.170	6.28	6.19	6.11
France	BTAN	4.750	03/02	100.0125	+0.200	4.74	4.73	4.51
	OAT	5.500	10/07	99.7400	-0.230	5.53	5.52	5.49
Germany Bund		6.000	07/07	102.4200	+0.310	5.67	5.62	5.58
Ireland		8.000	08/06	110.5900	+0.540	6.41	6.38	6.32
Italy		6.750	02/07	101.0700	+0.230	6.59†	6.47	6.44
Japan	No 148	5.600	06/02	119.9925	+0.150	1.30	1.34	1.57
	No 182	3.000	09/05	107.2897	+0.230	2.02	2.06	2.29
Netherlands		5.750	02/07	100.8500	+0.240	5.63	5.54	5.50
Portugal		6.625	02/07	101.7000	+0.150	6.37	6.21	6.15
Spain		7.350	03/07	107.2900	+0.340	6.29	6.22	6.21
Sweden		8.000	08/07	110.0509	-	6.59	6.44	6.51
UK Gilts		7.000	06/02	99-27	+1/32	7.04	6.96	7.13
		7.250	12/07	101-10	+7/32	7.07	7.00	7.02
		9.000	10/08	114-15	+7/32	7.10	7.02	7.06
US Treasury *		6.125	08/07	98-17	+7/32	6.33	6.25	6.24
		6.375	08/27	96-29	+9/32	6.61	6.53	6.53
ECU (French Govt)		5.500	04/07	96.8100	+0.300	5.94	5.88	5.87

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: Standard & Poor's MMS.

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.94
Prime rate	8½	Two month	-	Three year	6.07
Broker loan rate	7¼	Three month	5.27	Five year	6.23
Fed.funds	5⅝	Six month	5.38	10-year	6.35
Fed.funds at intervention	-	One year	5.56	30-year	6.64

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	129.64	129.62	+0.12	129.76	129.52	86,933	159,022
Dec	98.60	98.46	-	98.60	98.44	9,390	14,069
Mar	98.00	97.86	-	98.60	98.00	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Sep	CALLS Oct	CALLS Dec	PUTS Sep	PUTS Oct	PUTS Dec
125	4.62	-	-	-	-	-
126	3.62	-	-	-	-	-
127	2.62	-	-	-	-	-
128	1.62	-	-	-	-	-
129	0.62	-	-	-	-	-

Est. vol. total, Calls 14,180 Puts 14,939. Previous day's open int., Calls 92,266 Puts 129,775.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	102.14	102.28	+0.33	102.43	102.00	157641	243044
Dec	101.24	101.39	+0.33	101.48	101.15	14801	45012

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
10100	0.76	1.05	1.25	1.27	0.37	0.66	0.86	1.77
10150	0.47	0.78	0.97	1.06	0.58	0.89	1.08	2.06
10200	0.27	0.55	0.73	0.88	0.88	1.16	1.34	2.38

Est. vol. total, Calls 13571 Puts 6900. Previous day's open int., Calls 99982 Puts 120733

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	135.40	135.63	+0.34	135.80	135.11	59388	85351
Dec	107.75	107.81	+0.30	107.85	107.30	11424	26674

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
10750	1.73	2.63	1.42	1.78
10800	1.46	2.37	1.65	2.02
10850	1.22	2.12	1.91	2.27

Est. vol. total, Calls 6896 Puts 12072. Previous day's open int., Calls 29746 Puts 25875

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	116.88	116.98	+0.29	117.03	116.66	67,516	77,510
Dec	100.74	100.84	+0.25	100.85	100.62	1,067	4,056

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	114-15	114-16	+0-07	114-20	114-04	61185	102447
Dec	114-07	114-05	+0-06	114-09	113-27	20154	95979

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
114	0-54	1-16	1-34	1-63	0-44	1-06	1-24	2-11
115	0-26	0-52	1-03	1-35	1-16	1-42	1-57	2-47
116	0-11	0-31	0-43	1-12	2-01	2-21	2-33	3-24

Est. vol. total, Calls 651 Puts 1575. Previous day's open int., Calls 21362 Puts 19474

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	96.56	96.64	+0.12	96.68	96.52	506	5,819
Dec	-	96.30	+0.12	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	112-23	113-02	+0-12	113-02	112-17	372,756	402,904
Dec	112-10	112-19	+0-09	112-21	112-08	80,128	162,309
Mar	112-03	112-01	+0-02	112-03	112-01	4,784	32,845

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	127.56	-	-	127.70	127.52	3506	n/a
Dec	126.76	-	-	126.92	126.75	1890	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Aug 28	Day's change %	Wed Aug 27	Accrued interest	xd adj. ytd		Low coupon yield Aug 28	Aug 27	Yr. ago	Medium coupon yield Aug 28	Aug 27	Yr. ago	High coupon yield Aug 28	Aug 27	Yr. ago
1 Up to 5 years (20)	119.24	0.05	119.19	1.96	7.34	5 yrs	7.05	7.07	7.16	7.13	7.15	7.25	7.16	7.16	7.30
2 5-15 years (20)	152.45	0.17	152.58	2.50	7.82	15 yrs	7.04	7.07	8.14	7.07	7.10	8.14	7.15	7.16	8.16
3 Over 15 years (5)	182.06	0.31	181.51	7.12	6.99	20 yrs	7.04	7.07	8.26	7.05	7.08	8.23	7.14	7.15	8.26
4 Irredeemables (5)	239.81	0.28	239.14	3.98	8.36	Irred.†	7.13	7.15	8.32						
5 All stocks (50)	146.97	0.15	146.91	3.07	7.64										

Index-linked							Inflation 5% Aug 28	Aug 27	Yr. ago	Inflation 10% Aug 28	Aug 27	Yr. ago
6 Up to 5 years (2)	207.05	0.02	207.01	2.49	3.03	Up to 5 yrs	3.62	3.62	2.09	2.93	2.93	0.42
7 Over 5 years (10)	200.03	0.05	199.93	0.95	4.70	Over 5 yrs	3.55	3.56	3.69	3.34	3.35	3.47
8 All stocks (12)	199.66	0.05	199.58	1.10	4.51							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Aug 28	Aug 27	Aug 26	Aug 22	Aug 21	Yr ago	High*	Low*
Govt. Secs. (UK)	96.65	96.50	96.61	96.58	96.91	92.83	97.88	93.31
Fixed Interest	125.78	125.74	125.54	125.84	126.12	113.36	126.68	115.32

Gilt Edged Activity Indices

	Aug 27	Aug 26	Aug 22	Aug 21	Aug 20
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

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FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on August 28

U.S. DOLLAR STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

Issued	Bid	Offer	Chg.	Yield
[illegible]				

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UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts (Lives up to Five Years)						
[illegible]						

Other Fixed Interest

[illegible]

CURRENCIES AND MONEY

Ringgit leads renewed Asian turmoil

MARKETS REPORT

By Simon Kuper

A plunge in the Malaysian ringgit prompted fresh attacks on south east Asian currencies yesterday.

The ringgit hit a new all-time low after the Kuala Lumpur Stock Exchange effectively banned the short-selling of shares. That prompted some investors to sell up altogether and leave the market. The main KL Composite Index fell 4.22 per cent to a four-year low.

The ringgit was at M$2.8920 to the US dollar in late European trading yesterday, down from yesterday's M$2.8335/85. It has lost 15 per cent since July 1 in Asia's currency crisis. Investors fear that Malaysia's current account deficit may surge, while the central bank has given up using high interest rates to defend its currency.

The ringgit's fall yesterday dragged down the Indonesian rupiah. The Philippine central bank intervened in the market to defend the peso, while Hong Kong market interest rates rose as shares fell and the HK dollar's peg to the US dollar came under pressure again.

Among western currencies, the dollar and the pound fell against the D-Mark despite news that might have buoyed them.

They shrugged off a large upwards revision to US second-quarter gross domestic product figures, and gained only briefly after Hans Tietmeyer, Bundesbank president, suggested that Germany might not raise interest rates.

He told journalists on Wednesday night: "You cannot be certain that the Bundesbank will do nothing, neither should you be certain that the Bundesbank will do something." He also said the bank had not been following an "interventionist policy" in the currency market recently, and that he was happier with the dollar's level now than he had been 10 days ago, when it was higher.

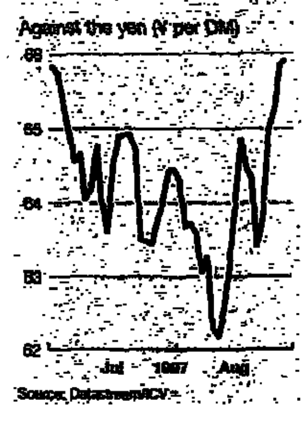
Currency analysts said the dollar and pound fell partly in sympathy with the US stock market. But they added that the slide was perhaps simply a random result of thin trade. Michael Paulus, vice president and manager at Bank of America in New York, said: "Outside of Christmas, this is probably the biggest holiday week of the year for the US financial community." A few dollar sales by asset managers and corporates readying their books for the month-end could prompt big moves in a thin market, he said.

■ Pound in New York

Aug 28	—Latest—	— Prev. close —
£ spot	1.6135	1.6140
1 mth	1.6115	1.6118
3 mth	1.6073	1.6077
1 yr	1.5905	1.5914

D-Mark

Against the yen (Y per DM)



Source: Datastream/ICV

The dollar fell 1.4 pfennigs against the D-Mark to close in London at DM1.796, and drifted down Y0.4 against the yen to Y118.5. The pound fell 1.6 pfennigs against the D-Mark to DM2.901.

■ Asian currencies just cannot win. The latest trend is that when one drops, most of the others drop too. The logic is that they have to fall equally in order to stay competitive with one another.

Few currency strategists think that economic fundamentals are driving this slide. One said the market was like a horse that finds itself galloping at top speed. It does not know why it is running so fast, decides that there must be a reason, and accelerates.

But Richard Gray, emerging markets economist at Bank of America in London, says that the slide has gone far enough in the ringgit, the rupiah and the Philippine peso, while the Thai baht has only slightly further to fall. "I'm getting ready to start buying some Asian equity markets," he said.

■ OTHER CURRENCIES

Aug 28	£	$
Czech Rp	54.1698 - 54.2660	33.5500 - 33.5900
Hungary	315.735 - 315.995	195.550 - 195.590
Iran	4846.80 - 4843.80	3000.00 - 3000.00
Kuwait	0.4915 - 0.4926	0.3044 - 0.3049
Poland	5.5946 - 5.6029	3.4650 - 3.4680
Russia	9417.96 - 9425.41	5833.00 - 5834.00
U.A.E.	5.9299 - 5.9339	3.6727 - 3.6729

Carlo Daurignac, currencies analyst at Credit Agricole Indosuez in London, agrees that the currencies are now cheap enough. However, he warns that the ringgit will only rise when Malaysia produces a detailed plan of cuts to investment projects.

■ Mr. Tietmeyer's comments, which at first supported the dollar, may later have been reinterpreted as being good for the D-Mark.

The remarks left traders worrying that a rate rise *could* happen at any time. Mr Paulus said: "His message was, 'You are going to have stay tuned, because we haven't decided what to do yet.'" The D-Mark fell initially, but later more than made up its losses.

Avinash Persaud, head of global currencies research at J.P. Morgan in Europe, said: "The market is perhaps too anxious over the prospect of an imminent rate rise."

POUND SPOT FORWARD AGAINST THE POUND

Aug 28		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	20.4190	-0.1095	076 - 304	20.6190	20.3851	20.3646	3.2	20.2519	3.3	19.7464	3.3	102.2
Belgium	(BFr)	59.9041	-0.3406	532 - 549	60.4660	59.8520	59.7241	3.6	59.3541	3.7	57.6041	3.8	101.7
Denmark	(DKr)	11.0460	-0.0634	410 - 510	11.1570	11.0329	11.0145	3.4	10.9505	3.5	10.659	3.5	104.0
Finland	(FM)	8.7079	-0.0478	991 - 166	8.7900	8.6910	8.6826	3.5	8.6301	3.6	8.4174	3.3	81.1
France	(FFr)	9.7648	-0.0584	606 - 690	9.8611	9.7575	9.7318	4.1	9.6748	3.7	9.3993	3.7	104.6
Germany	(DM)	2.9014	-0.0156	998 - 029	2.9313	2.8967	2.8921	3.9	2.8731	3.9	2.7862	4.0	102.7
Greece	(Dr)	456.847	-2.118	415 - 279	462.687	455.471	458.63	-4.7	461.254	-3.9	469.622	-2.8	65.1
Ireland	(I£)	1.0687	-0.0029	676 - 698	1.0874	1.0670	1.0682	0.6	1.0668	0.7	1.0759	1.2	99.4
Italy	(L)	2836.84	-13.14	443 - 926	2861.45	2832.88	2836.92	0.0	2836.89	0.0	2834.29	0.1	76.0
Luxembourg	(LFr)	59.9041	-0.3406	532 - 549	60.4660	59.8520	59.7241	3.6	59.3541	3.7	57.6041	3.8	101.7
Netherlands	(Fl)	3.2661	-0.0161	663 - 698	3.3003	3.2633	3.2579	3.7	3.237	3.8	3.141	3.9	101.0
Norway	(NKr)	12.0023	-0.0802	945 - 100	12.1586	11.9891	11.9698	3.2	11.9088	3.1	11.6398	3.0	96.9
Portugal	(Es)	294.493	-1.231	180 - 685	297.304	294.068	294.277	0.6	293.747	0.9	289.659	1.6	92.1
Spain	(Pta)	245.164	-1.559	084 - 264	247.540	244.960	244.849	1.5	244.099	1.7	239.729	2.2	76.7
Sweden	(SKr)	12.6348	-0.0681	268 - 427	12.7584	12.6184	12.6073	2.6	12.5489	2.7	12.2923	2.7	85.4
Switzerland	(SFr)	2.3959	-0.0163	943 - 974	2.4183	2.3899	2.385	5.5	2.3624	5.6	2.2622	5.6	105.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	101.5
Ecu	-	1.4770	-0.0076	752 - 788	1.4895	1.4745	1.4737	2.7	1.4666	2.8	1.4325	3.0	-
SDR†	-	1.183505	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6148	+0.0036	143 - 153	1.6204	1.6052	-	-	-	-	-	-	-
Brazil	(R$)	1.7825	+0.0035	815 - 834	1.7682	1.7530	-	-	-	-	-	-	-
Canada	(C$)	2.2414	-0.0014	403 - 425	2.2495	2.2297	2.2346	3.7	2.2209	3.7	2.17	3.2	84.6
Mexico	(New Peso)	12.5494	+0.0593	374 - 613	12.5896	12.4715	-	-	-	-	-	-	-
USA	($)	1.6151	+0.0038	146 - 156	1.6207	1.6055	1.613	1.6	1.6089	1.5	1.5922	1.4	105.2
Pacific/Middle East/Africa													
Australia	(A$)	2.1928	+0.0189	914 - 942	2.2014	2.1674	2.1892	2.0	2.1806	2.2	2.1439	2.2	92.7
Hong Kong	(HK$)	12.5122	+0.0342	075 - 169	12.5523	12.4346	12.5112	0.1	12.5047	0.2	12.4497	0.5	-
India	(Rs)	58.7655	+0.1723	423 - 886	58.8940	58.4720	58.9607	-4.0	59.3613	-4.1	61.041	-3.8	-
Israel	(Shk)	5.6732	-0.0026	634 - 830	5.6844	5.5630	-	-	-	-	-	-	-
Japan	(Y)	191.365	-0.14	249 - 481	191.830	190.090	190.345	6.4	188.32	6.4	179.335	6.3	130.3
Malaysia	(M$)	4.6911	+0.1272	856 - 965	4.7017	4.5892	4.6953	-1.1	4.7033	-1.0	4.722	-0.7	-
New Zealand	(NZ$)	2.5097	+0.0058	075 - 118	2.5178	2.4930	2.5129	-1.5	2.5167	-1.1	2.5173	-0.3	108.0
Philippines	(Peso)	48.8972	+0.6724	802 - 142	49.7705	48.6210	49.057	-3.9	49.3065	-3.3	50.3635	-3.0	-
Saudi Arabia	(SR)	6.0576	+0.0144	556 - 596	6.0784	6.0219	6.0541	0.7	6.0457	0.8	6.0092	0.8	-
Singapore	(S$)	2.4614	+0.0392	590 - 638	2.4661	2.4271	2.4587	2.3	2.4467	2.4	2.3985	2.6	-
South Africa	(R)	7.5934	+0.0286	886 - 982	7.6100	7.5576	7.6541	-9.6	7.772	-9.4	8.2089	-8.1	-
South Korea	(Won)	1457.63	+3.48	314 - 212	1462.15	1449.80	-	-	-	-	-	-	-
Taiwan	(T$)	46.3364	+0.029	196 - 532	46.3844	46.0634	46.3198	0.4	46.28	0.5	46.0623	0.5	-
Thailand	(Bt)	54.9539	+0.0908	157 - 920	55.2030	54.5050	55.2905	-7.4	55.7521	-5.8	56.7823	-3.3	-

† Rates for Aug 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 28		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	12.6426	-0.0981	394 - 457	12.8060	12.6130	12.6186	2.3	12.5696	2.3	12.3456	2.3	101.8
Belgium	(BFr)	37.0900	-0.3	700 - 100	37.5600	37.0160	37.015	2.4	36.8635	2.4	36.17	2.5	101.7
Denmark	(DKr)	6.8392	-0.0557	382 - 402	6.9288	6.8232	6.8275	2.1	6.8032	2.1	6.6968	2.1	103.2
Finland	(FM)	5.3916	-0.0425	878 - 953	5.4595	5.3753	5.3801	2.6	5.3565	2.8	5.2626	2.4	80.2
France	(FFr)	6.0460	-0.0513	452 - 467	6.1295	6.0352	6.0345	2.3	6.0107	2.3	5.9018	2.4	103.7
Germany	(DM)	1.7964	-0.014	960 - 968	1.8200	1.7915	1.7926	2.6	1.7848	2.6	1.7498	2.6	102.1
Greece	(Dr)	282.860	-1.99	680 - 040	287.480	281.810	284.155	-5.5	286.21	-4.7	293.38	-3.7	64.7
Ireland	(I£)	1.4835	+0.0074	825 - 845	1.4858	1.4673	1.4828	0.6	1.4818	0.5	1.4822	0.1	-
Italy	(L)	1756.45	-12.35	550 - 740	1777.85	1752.80	1758.22	-1.2	1761.23	-1.1	1764.65	-0.5	75.7
Luxembourg	(LFr)	37.0900	-0.3	700 - 100	37.5600	37.0160	37.015	2.4	36.8635	2.4	36.17	2.5	101.7
Netherlands	(Fl)	2.0235	-0.0161	230 - 289	2.0502	2.0181	2.0192	2.5	2.0107	2.5	1.973	2.5	100.9
Norway	(NKr)	7.4313	-0.0675	288 - 338	7.5427	7.4155	7.4169	2.3	7.3884	2.3	7.2767	2.1	95.8
Portugal	(Es)	182.300	-1.2	200 - 400	184.550	181.950	182.264	0.2	182.21	0.2	181.04	0.7	92.6
Spain	(Pta)	151.795	-1.33	780 - 810	153.800	151.650	151.75	0.4	151.575	0.6	150.4	0.9	76.1
Sweden	(SKr)	7.8229	-0.061	204 - 254	7.9358	7.8043	7.8138	1.4	7.7945	1.5	7.7205	1.3	84.9
Switzerland	(SFr)	1.4834	-0.0137	829 - 839	1.5090	1.4780	1.4781	4.3	1.4674	4.3	1.4219	4.1	105.0
UK	(£)	1.6151	+0.0038	146 - 156	1.6207	1.6055	1.613	1.6	1.6089	1.5	1.5922	1.4	101.6
Ecu	-	1.0935	+0.0081	925 - 945	1.0960	1.0810	1.0949	-1.6	1.0981	-1.7	1.1137	-1.8	-
SDR†	-	0.73496	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-	998 - 998	0.9998	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0913	-0.0004	910 - 915	1.0917	1.0907	-	-	-	-	-	-	-
Canada	(C$)	1.3878	-0.0042	875 - 880	1.3893	1.3870	1.3846	2.7	1.3789	2.6	1.3583	2.1	84.3
Mexico	(New Peso)	7.7700	+0.0145	650 - 750	7.7760	7.7630	7.8785	-16.8	8.0895	-16.4	9	-15.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3577	+0.0085	572 - 581	1.3583	1.3565	1.3571	0.5	1.3553	0.7	1.3469	0.8	95.2
Hong Kong	(HK$)	7.7470	+0.0027	465 - 475	7.7485	7.7423	7.7475	-0.1	7.7484	-0.1	7.7507	0.0	-
India	(Rs)	36.3850	+0.02	200 - 500	36.4700	36.3100	36.5225	-4.5	36.8075	-4.6	38.02	-4.5	-
Israel	(Shk)	3.5126	-0.01	076 - 176	3.5228	3.5065	-	-	-	-	-	-	-
Japan	(Y)	118.485	-0.37	450 - 520	118.900	118.230	117.97	5.2	116.97	5.1	112.67	4.9	131.3
Malaysia	(M$)	2.9045	+0.072	020 - 070	2.9090	2.8380	2.909	-1.9	2.918	-1.9	2.948	-1.5	-
New Zealand	(NZ$)	1.5539	-0.0002	530 - 547	1.5588	1.5525	1.5547	-0.6	1.5571	-0.8	1.5672	-0.9	-
Philippines	(Peso)	30.2750	+0.345	500 - 000	31.0000	30.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-	505 - 507	3.7509	3.7503	3.7513	-0.2	3.7523	-0.2	3.7569	-0.2	-
Singapore	(S$)	1.5240	+0.017	230 - 250	1.5260	1.5080	1.5223	1.4	1.5185	1.5	1.499	1.6	-
South Africa	(R)	4.7015	+0.0065	000 - 030	4.7260	4.6885	4.742	-10.3	4.8215	-10.2	5.124	-9.0	-
South Korea	(Won)	902.500	-	000 - 000	906.000	898.600	-	-	-	-	-	-	-
Taiwan	(T$)	28.6895	-0.0505	880 - 910	28.7260	28.6780	28.7005	-0.5	28.7095	-0.3	28.802	-0.4	-
Thailand	(Bt)	34.0250	-0.025	500 - 000	34.3000	33.3500	34.47	-15.7	35.175	-13.5	36.405	-7.0	-

† SDR rate per $ for Aug 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 27: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

August 28	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 3/16	3 7/32	3 3/8	3 5/16	3 7/16	6.00	2.50	-
France	3 1/4	3 5/16	3 3/8	3 1/2	3 19/32	3.10	-	4.75
Germany	3 5/32	3 1/8	3 3/16	3 11/32	3 17/32	4.50	2.50	3.00
Ireland	6 1/4	6 1/4	6 1/4	6 3/8	6 1/4	-	-	6.75
Italy	6 5/8	6 5/8	6 17/32	6 1/4	6 11/32	7.75	6.25	6.17
Netherlands	3 7/16	3 1/4	3 7/32	3 11/32	3 19/32	-	2.50	3.00
Switzerland	5/8	1 1/4	1 3/8	1 1/2	1 3/4	-	1.00	-
US	5 3/4	5 19/32	5 21/32	5 3/4	6	-	5.00	-
Japan	1/2	9/16	17/32	5/8	3/4	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 5/8	5 23/32	5 27/32	6 1/16	-	-	-
US Dollar CDs	-	5.44	5.48	5.546	5.73	-	-	-
ECU Linked Ds	-	4 1/4	4 1/4	4 9/32	4 5/16	-	-	-
SDR Linked Ds	-	3 1/2	3 5/8	3 23/32	3 7/8	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo-Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Aug 28	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 1/2 - 3 3/8	3 3/8 - 3 5/16	3 5/8 - 3 1/2	3 5/8 - 3 1/2	3 11/16 - 3 9/16	[illegible]
Danish Krone	3 11/32 - 3 1/4	3 19/32 - 3 1/2	3 9/16 - 3 13/32	3 11/16 - 3 17/32	3 7/8 - 3 23/32	[illegible]
German Mark	3 3/32 - 3	3 3/32 - 3 1/16	3 1/4 - 3 1/8	3 3/8 - 3	3 15/32 - 3 11/32	[illegible]
Dutch Guilder	3 1/4 - 3 1/8	3 3/8 - 3 1/4	3 3/8 - 3 1/4	3 7/16 - 3 5/16	3 19/32 - 3 7/16	[illegible]
French Franc	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 3/8 - 3 1/4	3 15/32 - 3 3/8	3 17/32 - 3 13/32	[illegible]
Portuguese Esc.	5 13/32 - 5 11/32	5 1/2 - 5 13/32	5 1/2 - 5 7/16	5 19/32 - 5 7/16	5 7/16 - 5 5/16	[illegible]
Spanish Peseta	5 13/32 - 5 3/8	5 3/8 - 5 11/32	5 3/8 - 5 11/32	5 11/32 - 5 3/16	5 1/4 - 5 7/32	[illegible]
Sterling	7 3/16 - 6 15/16	7 7/32 - 7 3/32	7 3/16 - 7 1/16	7 1/4 - 7 1/8	7 13/32 - 7 11/32	[illegible]
Swiss Franc	7/8 - 5/8	1 1/4 - 1 1/8	1 3/8 - 1 1/4	1 7/16 - 1 11/32	1 19/32 - 1 1/2	[illegible]
Canadian Dollar	3 1/2 - 3 5/16	3 13/32 - 3 9/32	3 7/16 - 3 5/16	3 5/8 - 3 17/32	3 7/8 - 3 3/4	[illegible]
US Dollar	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 21/32 - 5 19/32	5 11/16 - 5 19/32	6 - 5 7/8	[illegible]
Italian Lira	7 13/32 - 6 13/32	6 7/8 - 6 3/4	6 23/32 - 6 11/16	6 23/32 - 6 3/4	6 3/4 - 6 5/8	[illegible]
Japanese Yen	17/32 - 1/2	17/32 - 1/2	9/16 - 1/16	9/16 - 1/16	5/8 - 1/8	[illegible]
Asian $Sing	4 - 3 7/8	4 1/4 - 4 1/8	4 3/16 - 4 1/16	4 3/16 - 4 1/16	4 1/8 - 4	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.53	96.54	+0.03	96.54	96.52	9,430	57,647
Dec	96.34	96.36	+0.04	96.36	96.32	15,817	41,793
Mar	96.22	96.24	+0.05	96.24	96.21	4,686	30,607

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.63	96.66	+0.05	96.68	96.63	31937	239547
Dec	96.43	96.47	+0.07	96.47	96.42	48335	290520
Mar	96.28	96.31	+0.08	96.34	96.25	46739	275221
Jun	96.04	96.10	+0.10	96.13	96.03	61860	214335

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.74	96.75	+0.02	96.74	96.74	100	348
Oct	-	96.70	+0.04	-	-	0	265
Nov	-	96.65	+0.04	-	-	0	60
Dec	-	96.44	+0.04	-	-	0	700

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	93.24	93.22	+0.01	93.25	93.21	9836	95666
Dec	93.51	93.52	+0.02	93.53	93.49	25678	97140
Mar	93.83	93.83	+0.02	93.84	93.80	7332	58778
Jun	94.09	94.08	+0.02	94.10	94.07	5383	47575

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	98.47	98.51	+0.04	98.54	98.45	8745	55864
Dec	98.18	98.26	+0.09	98.27	98.17	19255	59881
Mar	98.02	98.10	+0.09	98.11	98.02	4715	28412
Jun	97.85	97.90	+0.10	97.90	97.85	351	11703

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	99.43	-	-	-	0	n/a
Dec	-	99.42	+0.02	-	-	0	n/a
Mar	-	99.36	+0.04	-	-	0	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.60	95.62	+0.03	95.62	95.60	473	9556
Dec	95.47	95.50	+0.04	95.50	95.47	496	10184
Mar	95.43	95.46	+0.05	95.46	95.43	279	6218
Jun	95.39	95.39	+0.05	95.39	95.38	45	3431

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9300	0.23	0.57	0.90	0.01	0.05	0.07
9325	0.05	0.37	0.69	0.08	0.10	0.11

Est. vol. total, Calls - Puts -. Previous day's open int., Calls Puts

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 28		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.44	16.30	4.843	1.817	4736	5.456	20.04	491.5	409.3	21.09	3.999	1.669	3.742	2.696	319.5	2.466
Denmark	(DKr)	54.23	10	8.840	2.627	0.986	2568	2.959	10.87	266.6	221.9	11.44	2.169	0.905	2.029	1.462	173.2	1.337
France	(FFr)	61.35	11.31	10	2.971	1.115	2905	3.347	12.29	301.5	251.1	12.94	2.454	1.024	2.295	1.654	196.0	1.513
Germany	(DM)	20.65	3.807	3.366	1	0.375	977.8	1.126	4.137	101.5	84.50	4.355	0.826	0.345	0.773	0.557	65.96	0.509
Ireland	(I£)	55.02	10.15	8.969	2.665	1	2606	3.002	11.02	270.4	225.2	11.61	2.201	0.919	2.059	1.484	175.8	1.357
Italy	(L)	2.112	0.389	0.344	0.102	0.038	100	0.115	0.423	10.38	8.642	0.445	0.084	0.035	0.079	0.057	6.746	0.052
Netherlands	(Fl)	18.33	3.380	2.988	0.888	0.333	868.0	1	3.673	90.09	75.02	3.866	0.733	0.306	0.686	0.494	58.55	0.452
Norway	(NKr)	49.91	9.203	8.136	2.417	0.907	2364	2.723	10	245.3	204.3	10.53	1.996	0.833	1.868	1.346	159.4	1.231
Portugal	(Es)	20.35	3.752	3.317	0.985	0.370	963.5	1.110	4.076	100	83.27	4.291	0.814	0.340	0.761	0.549	64.99	0.502
Spain	(Pta)	24.43	4.506	3.983	1.183	0.444	1157	1.333	4.896	120.1	100	5.154	0.977	0.408	0.914	0.659	78.06	0.602
Sweden	(SKr)	47.41	8.743	7.729	2.296	0.862	2245	2.587	9.499	233.0	194.0	10	1.896	0.791	1.774	1.278	151.5	1.169
Switzerland	(SFr)	25.00	4.610	4.076	1.211	0.454	1184	1.364	5.010	122.9	102.3	5.274	1	0.417	0.936	0.674	79.87	0.616
UK	(£)	59.90	11.05	9.765	2.901	1.089	2837	3.266	12.00	294.4	245.2	12.63	2.396	1	2.241	1.615	191.4	1.477
Canada	(C$)	26.73	4.928	4.357	1.294	0.486	1266	1.458	5.355	131.4	109.4	5.637	1.069	0.446	1	0.721	85.38	0.659
USA	($)	37.09	6.839	6.046	1.796	0.674	1756	2.024	7.431	182.3	151.8	7.823	1.483	0.619	1.388	1	118.5	0.915
Japan	(Y)	31.30	5.772	5.103	1.516	0.569	1482	1.708	6.272	153.9	128.1	6.602	1.252	0.523	1.171	0.844	100	0.772
Ecu	-	40.56	7.479	6.611	1.964	0.737	1921	2.213	8.126	199.3	166.0	8.554	1.622	0.677	1.518	1.094	129.6	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	0.5554	0.5557	+0.0001	0.5557	0.5499	33,844	97,490
Dec	0.5562	0.5588	-	0.5588	0.5537	968	6,337
Mar	-	0.5619	-	-	0.5612	12	1,534

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	0.8437	0.8451	+0.0016	0.8478	0.8430	17,958	82,613
Dec	0.8550	0.8555	+0.0009	0.8570	0.8543	909	3,100
Mar	-	0.8662	-	-	-	114	579

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	0.6710	0.6725	+0.0010	0.6724	0.6664	11,561	50,018
Dec	0.6788	0.6795	+0.0010	0.6795	0.6772	442	3,625
Mar	-	0.6854	-	-	0.6852	12	1,056

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	1.6124	1.6120	-0.0008	1.6156	1.6042	9,635	47,182
Dec	1.6040	1.6050	-0.0018	1.6200	1.6040	416	1,572
Mar	1.5980	1.5980	-0.0022	1.5980	1.5980	6	217

UK INTEREST RATES

LONDON MONEY RATES

Aug 28	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 7/32 - 5 1/2	7 3/16 - 6 31/32	7 1/32 - 7 1/32	7 3/16 - 7 3/32	7 1/2 - 7 3/8	7 11/16 - 7 5/8
Sterling CDs	-	-	7 1/8 - 7 1/16	7 3/16 - 7 1/8	7 3/32 - 7 7/32	7 7/16 - 7 3/8
Treasury Bills	-	-	6 15/16 - 6 27/32	7 - 6 7/8	-	-
Bank Bills	-	-	6 15/16 - 6 13/16	6 31/32 - 6 27/32	7 3/16 - 7 1/16	-
Local authority deps.	7 - 6 3/4	7 - 6 3/4	7 3/32 - 7 1/32	7 5/32 - 7 3/32	7 3/32 - 7 7/32	7 7/16 - 7 3/8
Discount Market deps	7 - 6 7/8	6 7/8 - 6 3/4	-	-	-	-

UK clearing bank base lending rate 7 per cent from Aug 7, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount on Aug 22, 6.8277pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 29, 1997. Agreed rate for period Sep 24, 1997 to Oct 25, 1997, Scheme III 8.50pc. Reference rate for period Aug 1, 1997 to Aug 29, 1997, Schemes IV & V 7.229pc. Finance House Base Rate 7pc from Aug 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	92.68	92.70	+0.01	92.70	92.67	5947	108541
Dec	92.52	92.52	-	92.53	92.49	15273	129933
Mar	92.48	92.47	-	92.48	92.43	18420	107427
Jun	92.49	92.50	-	92.51	92.45	14257	76864
Sep	92.57	92.57	-	92.59	92.54	4819	55642

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9250	0.21	0.14	0.17	0.01	0.12	0.20
9275	0.02	0.04	0.07	0.07	0.27	0.35
9300	0	0.01	0.03	0.30	0.49	0.58

Est. vol. total, Calls 2958 Puts 1559. Previous day's open int., Calls 203443 Puts 213002

EMS EUROPEAN CURRENCY UNIT RATES

Aug 27	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.735741	-0.001548	-7.76	11.43	52
Italy	1906.48	1925.02	+0.87	0.97	1.80	-7
Finland	5.85424	5.91151	+0.01694	0.98	1.79	-7
Portugal	197.398	200.030	-0.001	1.33	1.43	-9
Spain	163.826	166.706	+0.016	1.76	1.01	-12
Denmark	7.34555	7.50630	-0.00047	2.19	0.59	-15
Netherlands	2.16979	2.22028	+0.00081	2.33	0.45	-17
Germany	1.92573	1.97087	+0.00017	2.34	0.43	-23
Austria	13.5485	13.8702	+0.0024	2.37	0.40	-17
Belgium	39.7191	40.6928	+0.0069	2.45	0.33	-18
France	6.45863	6.63880	-0.0015	2.79	0.00	-23
NON ERM MEMBERS						
Greece	295.269	310.412	+0.022	5.13	-2.23	-
UK	0.793103	0.677575	-0.000236	-14.57	20.31	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	PUTS Sep	PUTS Oct	PUTS Nov
1.600	2.06	2.78	3.45	0.79	1.66	2.51
1.610	1.45	2.27	2.92	1.14	2.11	2.98
1.620	1.03	1.81	2.51	1.65	2.61	3.53

Previous day's vol., Calls 250 Puts 390. Prev. day's open int., Calls 36,376 Puts 39,325

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	PUTS Sep	PUTS Oct	PUTS Nov
0.550	0.87	1.24	1.56	0.36	0.58	0.82
0.555	0.57	1.02	1.27	0.52	0.80	1.04
0.560	0.36	0.71	1.05	0.81	1.07	1.28

Previous day's vol., Calls 1,648 Puts 2,030. Prev. day's open int., Calls 22,855 Puts 21,639

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.26	94.27	+0.02	94.27	94.25	34,223	474,903
Dec	94.06	94.09	+0.03	94.10	94.06	60,848	503,257
Mar	93.97	94.00	+0.03	94.00	93.97	56,438	354,364

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.91	94.90	-0.01	94.91	94.90	159	6,753
Dec	94.79	94.81	+0.03	94.81	94.79	118	2,550
Mar	-	94.71	-	-	-	18	1,168

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Sep	PUTS Oct	PUTS Nov	PUTS Dec
9650	0.41	0.24	0.26	0.27	0	0.02	0.04	0.05
9675	0.16	0.07	0.09	0.10	0	0.10	0.12	0.13
9700	0.01	0.01	0.02	0.03	0.10	0.29	0.30	0.30
9725	0	0	0	0.01	0.34	0.53	0.53	0.53

Est. vol. total, Calls 13402 Puts 14036. Previous day's open int., Calls 380868 Puts 290864

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9875	0.01	0.02	0.04	0.26	0.51	0.69
9900	0	0	0.01	0.51	0.74	0.89

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 4425 Puts 3850

BASE LENDING RATES

	%		%		%
Adam & Company	7.00	Duncan Lawrie	7.00	Scottish Widows Bank	7.00
Allied Irish Bank (GB)	7.00	Exeter Bank Limited	8.00	●Singer & Friedlander	7.00
●Henry Ansbacher	7.00	Financial & Gen Bank	8.00	●Smith & Williamson Secs	7.00
Bank of Baroda	7.00	●Robert Fleming & Co	7.00	Sun Banking Corp Ltd	7.00
Banco Bilbao Vizcaya	7.00	●Guinness Mahon	7.00	TSB	7.00
Bank of Cyprus	7.00	Habib Bank AG Zurich	7.00	United Bank of Kuwait	7.00
Bank of Ireland	7.00	●Hambros Bank	7.00	Unity Trust Bank Plc	7.00
Bank of India	7.00	Heritable & Gen Inv Bk	7.00	Whiteaway Laidlaw	7.00
Bank of Scotland	7.00	C. Hoare & Co	7.00	Yorkshire Bank	7.00
Barclays Bank	7.00	Hongkong & Shanghai	7.00		
Brit Bk of Mid East	7.00	Investec Bank (UK) Ltd	7.00	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	7.00	Julian Hodge Bank	7.00	* In administration	
Citibank NA	7.00	●Leopold Joseph & Sons	7.00		
Clydesdale Bank	7.00	Lloyds Bank	7.00		
The Co-operative Bank	7.00	Midland Bank	7.00		
Coutts & Co	7.00	NatWestminster	7.00		
Cyprus Popular Bank	7.00	●Rea Brothers	7.00		
		Royal Bk of Scotland	7.00		

National Westminster Bank
(Incorporated in England with limited liability)
US$ 500,000,000 Primary Capital FRNs (Series "C")

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from August 29, 1997 to November 28, 1997 the Notes will carry an Interest Rate of 5.875% per annum.

The interest payable on the relevant Interest Payment Date, November 28, 1997 against coupon No. 48 will be US$ 148.51 per US$ 10,000 principal amount of Note and US$ 1,485.07 per US$ 100,000 principal amount of Note.

The Agent Bank
Kredietbank S.A. Luxembourgeoise

BTM (Curaçao) Holdings N.V.
(formerly Bank of Tokyo (Curaçao) Holding N.V.)
U.S. $100,000,000
GUARANTEED FLOATING RATE NOTES DUE 1997
The Bank of Tokyo-Mitsubishi, Ltd.
Payment of the principal of, and interest on, the Notes is unconditionally guaranteed by
The Bank of Tokyo-Mitsubishi, Ltd.
(Kabushiki Kaisha Tokyo Mitsubishi Ginko)
(formerly The Bank of Tokyo, Ltd.)
(formerly Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated November 27, 1985, notice is hereby given that the Rate of Interest has been fixed at 5.95% p.a. and that the interest payable on the relevant Interest Payment Date, November 28, 1997, against Coupon No. 48 will be US$150.40.

August 29, 1997, London
By: Citibank, N.A. (Corporate Agency and Trust), Agent Bank **CITIBANK**

U.S. $200,000,000
Bergen Bank A/S
Perpetual Floating Rate Notes (with the right to subordinate)

In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from August 29, 1997 to February 27, 1998 the Notes will carry an Interest Rate of 6%. The interest payable on the relevant interest payment date February 27, 1998 will be U.S. $303.33 per U.S. $10,000 principal amount of Notes.

By: The Chase Manhattan Bank London, Agent Bank
August 29, 1997
CHASE

U.S. $600,000,000
Lloyds Bank Plc
(Incorporated in England with limited liability)
Primary Capital Undated Floating Rate Notes (Series 3)

For the six months August 29, 1997 to February 27, 1998, the Notes will carry an interest rate of 5.9944% p.a. with a Coupon Amount of U.S.$300.50 payable on February 27, 1998.

By: The Chase Manhattan Bank London, Agent Bank

Midland Bank plc
(Incorporated with limited liability in England)
£250,000,000
Subordinated Floating Rate Notes 2001

For the three months from August 27, 1997 to November 27, 1997 the Notes will carry an interest rate of 7.4125% p.a. On November 27, 1997 interest of £93.42 will be due per £5,000 Note and £934.18 in respect of £50,000 Note for Coupon No. 45.

Citibank, N.A. (Corporate Agency & Trust), Agent Bank

Republic of Ecuador
PDI Bonds due 2015

For the six months August 28, 1997 to February 27, 1998, the Bonds will bear interest at 6.6875% per annum. February 27, 1998 will be a Reduced Interest Payment Date. On such date, U.S. $19.07 of interest per U.S. $1,000 face amount of Bonds will be payable and U.S. $19.11 of interest per U.S. $1,093.56 face amount of Bonds will be capitalized. The sum of all capitalized amounts to and including February 27, 1998 is U.S. $112.67 per U.S. $1,000 face amount of Bonds.

By: The Chase Manhattan Bank as Fiscal Agent
August 29, 1997
CHASE

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

Registered with the Justice General Inspection on February 21, 1994 under Number 1373 of the Book 114?° "A" of S.A.

The Holders of Negotiable Obligations maturing 1999 issued by this Company in the month of February 1994, are hereby called to attend the Meeting of Negotiable Obligations Holders to be held on September 10th, 1997 at 11:00 A.M. for the first call, and on October 10th, 1997, at 11:00 A.M., for the second call, at Bolivar 108, 1st Floor, Capital Federal, for the purposes of considering the following:

AGENDA

1. Appointment of two Negotiable Obligations holders in order to subscribe the minutes and;
2. Analysis and resolution to remove, either entirely or partially, finally or temporarily, the financial commitments undertaken by the Company in *(b) Index of Consolidated Liability over Net Worth and (c) First part, Restriction to the Debt - (v) Financial commitments - COMMITMENTS - DESCRIPTION OF NEGOTIABLE OBLIGATIONS of the prospect approved by the National Securities and Exchange Commission dated February 28, 1994;* and, in *ANNEX A (Specimen of Negotiable obligation, (8) Commitments, (x) Financial Commitments)* of the Agency Contract executed on March 3, 1994; the abovementioned approval amounts to an express exemption with respect to the eventual excess in the relation of the secured indebtedness of the Company in the relation after March 31, 1997; and
3. Analysis and resolution for the substitution, either final or temporarily restricted, of the limit to the secured indebtedness undertaken in the Company's commitments in *DESCRIPTION OF THE NEGOTIABLE OBLIGATIONS - COMMITMENTS - (i) Restrictions to the creation of Charges* of the prospect approved by the National Securities and Exchange Commission dated February 28, 1994; and in *ANNEX A Specimen of Negotiable obligation, (8) Commitments, (i) Restriction to the creation of Charges* of the Agency Contract executed on March 3, 1994, for a commitment to keep at least $270,000,000 of its Total Assets free from any charge according to the last financial statements of the Company, or any other restriction that the negotiable obligations holders may establish. The approval of the proposed modification amounts to an express exemption with respect to an eventual excess in the relation of the secured indebtedness that may have taken place after March 31, 1997, as long as said indebtedness had not exceed the limit of $270,000,000.

NOTE: In order to attend the Meeting, the Negotiable Obligations Holders shall have to file with the Company, before September 4, 1997 - on which date the term for said filing shall mature - between 10:00 A.M. and 6:00 P.M. at Bolivar 108, 1st Floor, Capital Federal, a certificate issued by an authorized institution, evidencing their capacity as rightful holders.

The Company shall submit to the Negotiable obligations holders the certificates necessary to attend the Meeting.

Tel: 54-1 323-7555 IRSA INVERSIONES Y REPRESENTACIONES
Fax: 54-1 323-7597 Bolivar 108 1° Piso (1066) Buenos Aires
e-mail: irsa@.com http://www.irsa.com

I, Adriana Faerman, sworn public translator, do hereby certify that this is a true translation into English of the document in Spanish which I have had before me on this 15 day of August, 1997.

/s/ Adriana Faerman

Call Notice
Coöperatieve Centrale Raiffeisen Boerenleenbank (Rabobank Nederland)
Series No: 61
Italian Lire 200,000,000,000
9 per cent. Notes due 2003

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(d) of the Schedule, Rabobank Nederland will redeem all of the Notes at par value on the next interest payment date, 8th September, 1997, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes with all unmatured coupons attached at the offices of any Paying Agents listed below.

Paying Agents
Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE
Bankers Trust Luxembourg, 14 Boulevard F.D. Roosevelt, L-2450 Luxembourg
Swiss Bank Corporation, Dept. VS-SEK, P.O. Box 8010 Zurich, Switzerland

Accrued interest due on 8th September, 1997, will be paid in the normal manner on or after that date against presentation of Coupon 4.

Bankers Trust Company, London
Agent Bank
29th August, 1997

COMMODITIES AND AGRICULTURE

ZCCM sale talks reach impasse

By Kenneth Gooding, Mining Correspondent

Negotiations for the sale of Zambia Consolidated Copper Mines' two biggest divisions, on which any revitalisation of the country's "copper belt" heavily depends, have reached an impasse over price.

Nevertheless, those close to the negotiations are still hoping agreement in principal will be reached on target by the end of September and that the sale of the divisions to the Kafue consortium can be completed by the year end.

On Wednesday, the state-owned Times of Zambia, believed to be expressing the government's view, called for the sale of the two divisions, Nchanga and Nkana, to be speeded up.

"Privatising Nchanga and Nkana within the shortest time is the main challenge facing the government," it declared in a leader column.

The newspaper said new urgency was needed because of the big losses reported by ZCCM: K198bn (about $150m) for the year to end-March. Also, ZCCM's the annual copper output target – 335,250 tonnes – was missed by 4.4 per cent.

"If losses continue, the sale price will be less as buyers will negotiate from a position of strength using the heavy debt and the unprofitability of the mines as reason for offering less," the Times insisted.

Members of the Kafue consortium include Avmin of South Africa; Noranda of Canada; Phelps Dodge of the US; and the Commonwealth Development Corporation. It is rumoured to have offered US$160m immediately in cash and the assumption of the two divisions' debts.

Some ZCCM negotiators suggest this is much too low. They are also concerned that the consortium was formed in such a way as to cut out competition because all interested parties were included. No other bidder has emerged for the divisions.

"ZCCM accounts for 90 per cent of Zambia's foreign earnings and these two divisions represent two-thirds of ZCCM. So you can understand why the Zambians must push as hard and as long as they can to improve the bid," said one analyst yesterday. He doubted, however, if the government would opt to split the divisions up and invite bids for the smaller packages, as this would considerably delay the sale process.

The Kafue consortium was not happy about the government's decision to allow the Chibuluma mine to be split off from the package on offer and sold last month to a consortium led by Metorex, a small South African company.

Metorex's offer, of $17.5m, was favoured because it gave a firm undertaking to develop the nearby Chibuluma South deposit and thus preserve some 1,000 jobs. The present mine has only three years life remaining.

Also last month, ZCCM's Luanshya/Baluba mining and metals complex was sold to the Binani Group of India, while the power division was sold to a consortium including National Grid and Midlands Power of the UK together with five Zambian managers.

Colombia opens up new coal areas

By Adam Thomson in Bogotá

Colombia's state coal company, Ecocarbon, has opened up three areas for coal exploration by two international consortia.

The new areas, near the Atlantic coast, are expected to produce a combined total of 15m–20m tons of coal a year at their peak, confirming the growing importance of coal production in Colombia, Latin America's top producer.

The first of the consortia will begin exploring in the Cerrejon Sur complex near El Cerrejon, the world's largest open-faced coal mine.

It includes Rio Tinto, the Anglo-Australian group; Amcoal and Minorco, offshoots of Anglo American of South Africa; and Sudelektra, an associate of Swiss trading group Glencore.

Rio Tinto and Anglo, the world's two biggest mining groups, and Glencore are in the process of combining the Oreganal coal properties Rio Tinto acquired last year with the neighbouring Cerrejon Centrale.

The second consortium, of US-based Drummond and its Colombian subsidiary, will begin exploration in the areas of Guaimaral and El Descanso.

Ecocarbon expects total national production to rise steeply as a result of the new contracts.

Official estimates put coal production at 40.3m tonnes by 2000, growing to between 55m and 70m tonnes by 2005. Last year, Colombia produced 30m tonnes.

Colombia's coal exports last year totalled US$871m, representing 7.9 per cent of the total, and made coal the country's third most important export after oil, with 26 per cent of the total, and coffee, with 15 per cent.

COMMODITIES NEWS DIGEST

China faces big fall in grain output

China is facing a big reduction in grains output in 1996–97, with the International Grains Council now forecasting a total harvest of 104m tonnes, against last year's 127m tonnes. Only a month ago the IGC estimated China would show an overall harvest of 119m tonnes but the figures have been reduced following a widespread drought.

World production of wheat for 1997–98 is now estimated by the IGC at 586m tonnes, compared with 581m tonnes in 1996–97, some 1m tonnes more than last month's figures. But the IGC says "the total masks some major adjustments for individual countries", with increases for China, India, Russia and the US offsetting reductions for the EU, central and eastern Europe, Canada, Argentina and Australia. The IGC calculates that 94m tonnes will be available for world trade, and global stocks will increase by 4m tonnes to 103m tonnes.

World stocks of coarse grains are projected to fall to 102m tonnes by the end of the 1997–98 harvests, compared with 119m tonnes at the end of 1996–97. "Sharp decreases in estimated harvests of maize in China and the US" will mean a significant 21m tonne reduction in world production, to 875m tonnes. *Gary Mead*

■ RUBBER MARKETS

Thailand may sell stock

The international rubber markets may face a bumpy couple of weeks following reports that the Thai government will decide on September 4 whether to sell some of its estimated 100,000 tonne official stockpile. The sale would be part of the package of economic reforms recently agreed with the IMF. The sale would perhaps involve only 10 per cent of total stocks, but traders fear even that relatively small amount will act as a further depressant on already low international prices, hovering around $1 a kg.

INRO's five-day indicator yesterday stood at 193.02 cents a kg; on the Tokyo Commodities Exchange the February future closed down Y1.8 a kg to Y120.7 with traders fearing further falls. *Gary Mead*

■ RECORD WHEAT CROP

Kansas railroads overwhelmed

A record Kansas wheat crop has overwhelmed the ability of railroads to ship the grain, leaving many grain bins full and dealers worried there will not be space for the corn and sorghum harvests. Railroads acknowledged delays because the wheat crop had fuelled greater than expected demand for rail cars. "We have been hit with a record harvest and it's straining our system considerably," said Ed Trandahl, spokesman for Union Pacific.

"Overall we feel like we've done well with keeping up the pace," said Jim Sabourin, spokesman for Burlington Northern Santa Fe. "The volume of the Kansas wheat came as a surprise."

Kansas grain dealers were short on sympathy. They said railroads were slow in recycling empty rail cars for reloading and that there have not been enough engines to pull the trains. Kansas harvested 492 million bushels of wheat this summer which stuffed commercial grain bins. *Reuter, Chicago*

Drought boosts coffee

MARKETS REPORT

By Gary Mead and Kenneth Gooding

A growing consensus that Indonesia's coffee harvest could be substantially reduced by drought boosted coffee futures in London.

Indonesia's soft commodity producers are suffering badly and – as the world's biggest producer of robusta beans – what happens there could have a big impact on coffee futures.

On the London International Financial Futures Exchange the November robusta coffee future rose by almost 3 per cent to $1,604 a tonne, before closing at $1,580, up $20.

The squeeze in the London Metal Exchange's aluminium market seemed to end following the exchange's decision to limit the daily backwardation.

The premium for aluminium for immediate delivery, compared with three-month metal, which was $27 a tonne on Wednesday, was completely eliminated.

'Modest' copper surplus found

By Kenneth Gooding, Mining Correspondent

A new method for analysing the copper market has been devised by Bloomsbury Minerals Economics, a specialist consultancy, because it was worried about apparent contradictions in official statistics.

Using the new method, BME says the market fundamentals suggest a "modest" supply surplus existed last year and will continue up to and including 1999.

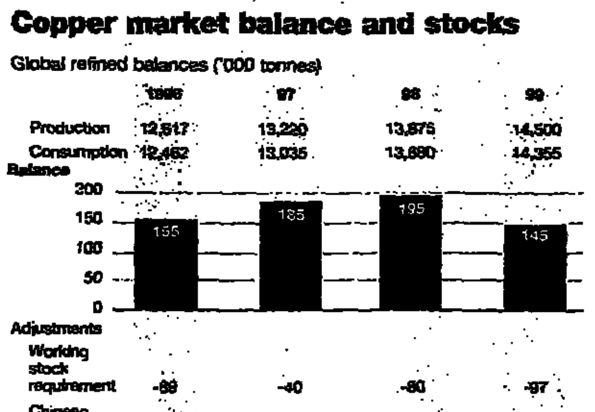
The excess, however, will be only slightly bigger than the tonnage needed to meet required increases in working stocks. The copper price will therefore depend on the behaviour of the Chinese Strategic Reserve Bureau.

BME suggests: "The SRB is in effect operating a buffer stock, trying to keep prices above roughly 95 cents a pound [$1,984 a tonne] as below that level many Chinese producers suffer badly, but below 110 cents [$2,424], as above that level imports become too expensive.

"If that is correct, then to keep prices in that range, they would need to keep London Metal Exchange stocks between, say, 225,000 tonnes and 325,000 tonnes.

Copper market balance and stocks

Global refined balances ('000 tonnes)



Source: Bloomberg Minerals Economics

"Our calculation suggests they could do this without raising SRB stocks much above their mid-1994 level of around 225,000 tonnes. So it is probably achievable," says the consultancy.

BME concludes that quarterly LME cash copper prices will fluctuate within the 95 cents to 105 cents a pound range for some time, "under the stabilising influence of the SRB".

The trend will be gently downwards within this range, with daily lows of about 90 cents likely during seasonally weak periods of demand and brief spikes to 110 cents possible if there are big supply disruptions compounded by technical squeezes.

Explaining BME's new method of analysing the copper market in its latest Copper Briefing Service newsletter, Peter Hollands, the editor, says it involves first looking at global production and consumption figures, not just at those for the western world.

Allowances are then made for material locked up in essential working stocks, for government stockpiling, or for disposals and finally the net result is achieved – "the balance as actually experienced in the market place," he says.

Mr Hollands suggests that it is no longer possible to calculate the western world copper market balance because there are no data for the physical transfer of copper between east and west, there are only customs clearance data.

He points out that the "tidal flows backwards and forwards" between LME bonded warehouses and the SRB's bonded warehouses in China do not involve customs clearances at either end and therefore go unrecorded in the official trade statistics.

"Western world balances have become so approximate and so subjective that they have ceased to be analyses at all. They are just the expressing of opinions," Mr Hollands said.

Copper Briefing Service from BME, 70 Marchmont Street, London WC1N 1AB, UK. Annual subscription £850 or US$1,450

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1623.5-25.5	1637-37.5
Previous	1630-85	1657-58
High/low		1660/1630
AM Official	1652-53	1651-52
Kerb close		1633-34
Open int.	258,099	
Total daily turnover	126,191	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1447-52	1477-80
Previous	1445-55	1480-85
High/low		1485/1475
AM Official	1450-55	1480-80.5
Kerb close		1633-34
Open int.	5,235	
Total daily turnover	1,035	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	632.5-3.5	641-2
Previous	632.5-33.5	543-44
High/low		652/641
AM Official	638-39	648.5-49.0
Kerb close		643-4
Open int.	35,016	
Total daily turnover	10,961	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6490-500	6585-90
Previous	6495-505	6590-95
High/low		6640/6570
AM Official	6475-78	6570-75
Kerb close		6590-600
Open int.	55,110	
Total daily turnover	16,049	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5366-70	5410-15
Previous	5395-400	5440-45
High/low		5471/5410
AM Official	5405-10	5450-55
Kerb close		5410-20
Open int.	15,351	
Total daily turnover	4,217	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1668-69	1502-03
Previous	1692-95	1508-09
High/low	1700/1695	1530/1497
AM Official	1696-98	1515-16
Kerb close		1510-11
Open int.	88,134	
Total daily turnover	27,103	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2171-74	2161-62
Previous	2196-98	2178.5-79.5
High/low	2180/2175	2184/2143
AM Official	2176-77	2163-64
Kerb close		2145-46
Open int.	136,765	
Total daily turnover	41,243	

■ LME AM Official £/$ rate: 1.6125
LME Closing £/$ rate: 1.6150

Spot: 1.6151 3 mths: 1.6092 6 mths: 1.6039 9 mths: 1.5983

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	96.55	-3.35	99.80	96.50	6,815	11,510
Oct	97.55	-2.60	99.60	97.00	219	2,056
Nov	97.45	-1.80	97.25	97.25	75	1,505
Dec	97.15	-2.00	99.40	96.50	6,285	19,655
Jan	97.05	-1.80	98.20	97.00	1	748
Feb	97.65	-0.90	98.00	97.20	8	704
Total					14,351	46,231

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	325.30-325.80		
Opening	325.20-325.50		
Morning fix	324.70	201.55	486.24
Afternoon fix	325.85	202.02	485.35
Day's High	326.80-327.10		
Day's Low	324.20-324.50		
Previous close	324.50-325.00		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.47 6 months 3.44
2 months ....3.47 12 months 3.54
3 months 3.48

Silver Fix	p/troy oz.	US cts equiv.
Spot	288.75	465.80
3 months	293.00	470.35
6 months	297.45	476.45
1 year	306.65	487.85

Gold Coins	$ price	£ equiv.
Krugerrand	319-321	198-199
Maple Leaf	-	-
New Sovereign	75-77	46-48

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	324.1	-1.7	-	-	4	46
Oct	325.1	-1.7	328.3	324.9	1,378	15,625
Dec	327.1	-1.7	330.4	326.8	16,112	109.3k
Feb	329.8	-1.7	332.0	328.8	277	14,803
Apr	330.7	-1.7	333.9	333.9	31	5,380
Jun	332.8	-1.7	334.7	334.5	597	8,533
Total					18,531	197,190

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	407.7	+4.5	409.8	404.1	1,701	9,851
Jan	402.7	+5.5	404.5	402.5	45	2,687
Apr	397.2	+5.5	398.0	398.0	1	435
Jul	393.2	+5.5	-	-	-	2
Total					1,747	12,975

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	189.80	-1.15	195.00	189.00	861	1,153
Dec	185.80	-1.15	191.00	185.50	522	2,894
Mar	183.80	-1.15	-	-	-	170
Jun	183.30	-1.15	-	-	-	107
Total					1,383	4,324

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	463.9	-0.1	479.0	462.0	15,558	14,456
Dec	471.0	+0.3	486.0	467.5	11,419	44,937
Jan	472.6	+0.3	-	-	5	23
Mar	477.9	+0.4	492.0	476.0	247	11,431
May	482.2	+0.4	494.0	493.0	19	3,083
Jul	486.5	+0.4	-	-	12	2,136
Total					27,245	81,567

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	19.63	-0.10	19.95	19.51	67,743	102.7k
Nov	19.72	-0.11	19.88	19.62	19,967	46,248
Dec	19.82	-0.10	19.98	19.75	11,518	48,060
Jan	19.86	-0.09	19.96	19.80	3,970	29,142
Feb	19.88	-0.08	19.99	19.87	1,826	14,235
Mar	19.87	-0.09	19.99	19.87	922	9,926
Total					110,878	405,774

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	18.50	-0.06	18.61	18.38	10,824	75,398
Nov	18.60	-0.12	18.72	18.50	3,091	28,454
Dec	18.70	-0.12	18.80	18.68	1,015	19,803
Jan	18.74	-0.13	18.85	18.74	205	16,697
Feb	18.80	-0.05	18.80	18.80	25	6,655
Mar	18.74	-0.05	18.74	18.74	92	3,424
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	52.65	-0.61	53.30	52.45	12,281	18,430
Oct	53.70	-0.38	54.10	53.40	16,254	45,304
Nov	54.65	-0.43	55.10	54.40	2,346	21,560
Dec	55.75	-0.33	56.15	55.40	3,647	21,652
Jan	56.50	-0.28	56.85	56.15	1,808	18,869
Feb	56.80	-0.28	57.05	56.65	645	10,727
Total					38,115	154,977

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	164.00	+0.50	164.75	163.25	6,130	16,643
Oct	166.50	+0.75	167.00	165.50	4,259	17,496
Nov	168.50	+0.50	168.75	167.50	670	10,313
Dec	170.50	+0.75	170.75	169.50	945	14,810
Jan	171.75	+0.75	172.25	170.75	313	10,338
Feb	172.00	+0.75	172.50	171.50	205	6,429
Total					n/a	n/a

■ NATURAL GAS IPE (1,000 therms; pence per therm)

Oct	10.950	+0.100	11.050	10.890	130	1,240
Nov	13.000	+0.090	13.000	12.940	125	540
Total					620	7,355

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	2.575	+0.093	2.595	2.470	22,111	54,588
Nov	2.695	+0.070	2.700	2.625	3,697	19,949
Dec	2.790	+0.058	2.800	2.735	3,242	19,796
Jan	2.795	+0.055	2.810	2.750	1,150	19,763
Feb	2.585	+0.033	2.610	2.552	1,054	13,986
Mar	2.395	+0.035	2.410	2.371	868	9,676
Total					85,550	209,259

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	66.90	+0.50	68.40	66.12	20,351	15,783
Oct	60.75	+0.09	61.85	60.20	27,408	40,476
Nov	57.65	-0.25	58.50	57.30	6,621	13,656
Dec	56.70	-0.50	57.60	56.70	1,632	12,916
Jan	56.70	-0.30	57.50	56.70	477	11,512
Feb	57.40	+0.05	57.45	57.30	55	3,509
Total					56,948	109,570

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	86.75	-0.50	86.75	86.75	5	145
Nov	88.75	-0.75	89.20	88.50	156	4,276
Jan	90.75	-0.75	91.25	90.50	229	2,924
Mar	92.75	-0.75	93.25	92.75	120	2,053
May	94.75	-0.75	95.25	94.65	109	1,091
Jul	96.75	-0.75	96.75	96.70	30	67
Total					649	10,556

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	376.00	+4.75	378.00	368.75	10,726	10,461
Dec	393.00	+5.00	395.00	385.50	19,268	65,470
Mar	404.50	+5.50	406.00	396.50	4,238	19,501
May	405.50	+6.50	407.00	397.50	641	2,842
Jul	397.00	+1.50	398.50	392.00	818	7,915
Dec	409.00	+0.50	412.00	409.00	340	988
Total					36,031	107,198

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	265.75	-2.75	268.50	264.50	12,450	28,175
Dec	269.25	-2.75	272.75	268.00	35,194	187,372
Mar	277.75	-2.75	280.75	276.50	4,208	46,254
May	282.75	-2.75	285.75	281.75	1,389	12,492
Jul	285.75	-2.75	288.50	284.75	1,391	19,079
Sep	270.25	-0.5	273.00	270.00	38	1,637
Total					56,342	305,874

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	80.25	-	80.25	80.00	22	20
Nov	83.50	+0.50	83.20	82.75	17	1,045
Jan	85.50	+0.50	85.50	84.75	44	500
Mar	87.50	+0.50	86.75	86.75	11	277
May	88.75	+0.25	-	-	11	23
Total					94	1,865

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	661.25	-8.75	670.00	657.00	3,061	10,433
Nov	619.00	-7.50	627.00	617.00	27,873	84,922
Jan	622.25	-6.25	628.50	620.00	3,229	19,735
Mar	629.50	-7.00	636.00	628.50	1,330	8,060
May	637.50	-4.75	643.00	635.50	659	6,245
Jul	643.50	-4.50	650.00	642.00	705	6,953
Total					37,268	138,255

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	22.67	+0.1	22.68	22.45	7,030	9,182
Oct	22.91	+0.16	22.92	22.65	5,344	17,152
Dec	23.25	+0.12	23.26	22.97	8,905	38,667
Jan	23.42	+0.11	23.42	23.19	850	10,009
Mar	23.65	+0.05	23.70	23.43	397	6,634
May	23.82	+0.17	23.85	23.42	141	2,895
Total					23,129	86,235

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	248.5	+1.6	248.7	246.3	5,860	19,447
Oct	217.0	-1.1	219.0	215.8	2,971	18,964
Dec	204.2	-3.9	208.3	203.6	9,337	44,408
Jan	200.2	-3.3	204.0	199.8	1,776	9,305
Mar	195.7	-3.1	199.0	195.7	1,253	10,086
May	194.6	-3.4	197.8	194.5	967	5,653
Total					23,459	112,849

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	62.0	-	-	-	-	7
Mar	93.0	-	-	-	-	-
Apr	109.5	+0.5	110.0	109.5	54	1,221
May	124.0	-	-	-	-	2
Jun	139.0	-	-	-	-	-
Total					54	1,230

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	1317	+2	1317	1317	5	723
Sep	1455	+5	1455	1430	33	577
Oct	1555	-	1555	1545	12	1,770
Jan	1565	+10	-	-	-	469
Total					50	3,719

	Close	Prev
BFI	1327	1316

PULP AND PAPER

■ PULPEX OMLX ($8; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	557.00	+2.75	559.00	557.00	7	229
Dec	575.00	+1.75	575.00	575.00	1	146
Total					8	375

FUTURES DATA
All futures data supplied by CMS.

Wool

The main eastern market indicator in Australia fell by 18 cents to 671 Australian cents per kg – a new low for the season, though official forecasts are in the 640-650 cent region as an average for the season, with ten months of sale still. New Zealand was also easier, the main indicator down 11 cents compared with a week before, at 464 NZ cents a kg. The easier tendency discourages new business but most trade reports from consuming countries indicate a good call for deliveries on contract, so that a declining market does not mean machinery activity is also declining.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1106	+21	1106	1078	577	13,312
Dec	1143	+23	1143	1111	3,988	44,511
Mar	1159	+22	1160	1128	4,979	48,902
May	1171	+21	1172	1148	292	22,689
Jul	1183	+21	1175	1160	85	8,344
Sep	1195	+18	-	-	85	11,306
Total					14,531	173,925

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1687	+53	1689	1630	49	1,024
Dec	1720	+64	1724	1647	4,960	39,581
Mar	1749	+64	1750	1675	661	26,867
May	1768	+64	1760	1695	308	12,351
Jul	1785	+64	1776	1740	171	2,823
Sep	1804	+64	-	-	28	4,195
Total					6,280	101,465

■ COCOA (ICCO) (SDR's/tonne)

Aug 27	Price	Prev. day
Daily	1285.31	1276.31

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1550	+21	1570	1545	3,375	7,668
Nov	1580	+20	1604	1575	3,853	18,149
Jan	1580	+22	1600	1578	691	7,914
Mar	1570	+20	1590	1580	58	2,169
May	1570	+20	1585	1582	11	333
Jul	1565	+20	1585	1585	1	122
Total					7,980	36,382

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	186.85	+3.35	187.00	183.00	201	758
Dec	175.25	+3.00	176.00	169.50	4,692	10,781
Mar	159.85	+2.35	160.00	155.00	845	4,007
May	154.75	+2.75	154.50	152.00	442	1,499
Jul	149.75	+2.25	150.00	149.00	550	1,280
Sep	144.25	+1.75	144.00	142.50	53	312
Total					6,783	18,767

■ COFFEE (ICO) (US cents/pound)

Aug 27		Prev. day
Comp. daily	130.73	127.53
15 day average	130.54	131.16

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	327.6	-	328.1	326.6	478	12,882
Dec	325.4	-0.2	326.0	325.0	267	6,525
Mar	327.4	+0.3	327.5	326.2	602	8,500
May	325.7	+0.1	325.8	325.0	125	2,319
Aug	324.4	+0.3	323.7	323.7	5	984
Oct	319.9	-0.6	320.1	320.1	1	2,463
Total					1,478	33,760

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	11.69	-0.04	11.74	11.62	7,237	92,340
Mar	12.04	-0.02	12.08	11.98	10,786	72,642
May	11.99	-0.02	12.02	11.95	1,884	17,418
Jul	11.83	-	11.85	11.78	3,077	11,767
Oct	11.81	-0.02	11.83	11.78	1,227	9,642
Mar	11.75	-0.02	11.77	11.75	65	1,544
Total					24,276	205,482

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	73.23	+0.23	74.00	73.10	2,195	7,871
Dec	73.49	+0.16	74.10	73.30	17,941	47,196
Mar	74.80	+0.12	75.20	74.60	4,032	12,342
May	75.50	+0.11	75.90	75.45	2,799	5,789
Jul	76.19	+0.16	76.80	76.10	5	5,556
Oct	75.75	-0.10	-	-	10	669
Total					11,408	87,136

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	68.50	+0.95	68.90	67.50	80	6,178
Nov	70.70	+0.80	72.25	69.80	40	15,375
Jan	73.75	+0.90	75.75	72.70	391	6,568
Mar	76.60	+0.80	77.75	75.90	478	4,439
May	79.80	+0.95	80.30	79.50	73	1,184
Jul	82.25	+0.95	-	-	78	552
Total					3,581	34,698

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Aug 28	Aug 27	month ago	year ago
1915.4	1908.7	1934.2	1844.4

■ CRB Futures (Base: 1967 = 100)

Aug 27	Aug 26	month ago	year ago
239.31	237.89		

■ GSCI Spot (Base: 1970 = 100)

Aug 27	Aug 26	month ago	year ago
190.97	190.92	189.45	196.70

LME WAREHOUSE STOCKS (tonnes)

Aluminium	+2,900	to	894,775
Aluminium alloy	-140	to	54,360
Copper	+1,950	to	275,150
Lead	+75	to	117,800
Nickel	-30	to	59,658
Zinc	-1,725	to	377,325
Tin	-55	to	10,600

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	67.225	-0.4	67.800	67.125	9,755	48,801
Dec	68.825	-0.475	69.450	68.650	5,583	24,580
Feb	71.825	-0.225	72.050	71.625	2,500	13,002
Apr	73.925	-0.1	74.075	73.800	1,022	5,837
Jun	70.575	-0.125	70.700	70.425	993	4,643
Aug	70.200	-0.15	70.550	70.200	352	1,119
Total					20,205	95,986

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	70.500	+1.175	70.750	69.900	3,640	17,536
Dec	67.450	+1.875	67.700	66.850	1,598	8,945
Feb	66.375	+1	66.525	65.550	370	3,191
Apr	62.750	+0.725	63.000	62.100	183	1,640
Jun	67.350	+0.65	67.500	66.700	213	942
Jul	65.625	+0.5	66.000	65.600	28	678
Total					6,092	31,382

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	68.275	+2.2	68.650	67.050	2,681	4,266
Mar	68.250	+2.225	68.400	67.050	127	322
May	68.225	+1.825	68.500	67.200	73	88
Jul	69.450	+1.45	69.450	-	2	21
Aug	64.800	-0.2	65.500	64.750	1	5
Total					2,882	4,801

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Sep	Dec	Sep	Dec
1600	61	96	32	63
1650	36	72	57	88
1700	19	53	90	118
■ COPPER (Grade A) LME	**Sep**	**Dec**	**Sep**	**Dec**
2150	71	90	54	117
2200	48	70	81	146
2250	31	54	113	180
■ COFFEE LIFFE	**Nov**	**Jan**	**Nov**	**Jan**
1500	129	167	49	87
1550	102	141	72	111
1600	81	117	101	137
■ COCOA LIFFE	**Dec**	**Mar**	**Dec**	**Mar**
1100	85	118	42	59
1125	71	105	53	71
1150	59	92	66	83
■ BRENT CRUDE IPE	**Oct**	**Nov**	**Oct**	**Nov**
1800	67	-	14	-
1850	38	-	31	-
1900	16	-	63	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$17.56-7.64w	-0.05
Brent Blend (dated)	$18.19-8.21	+0.13
Brent Blend (Oct)	$18.46-8.48	
W.T.I.	$19.62-9.64w	+0.01

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$214-216	-3
Gas Oil	$163-164	+1
Heavy Fuel Oil	$89-91	
Naphtha	$185-186	
Jet fuel	$181-183	+1
Diesel	$168-169	+0.5

■ NATURAL GAS (Pence/therm)

Bacton (Sep)	9.15-9.25	+0.05

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

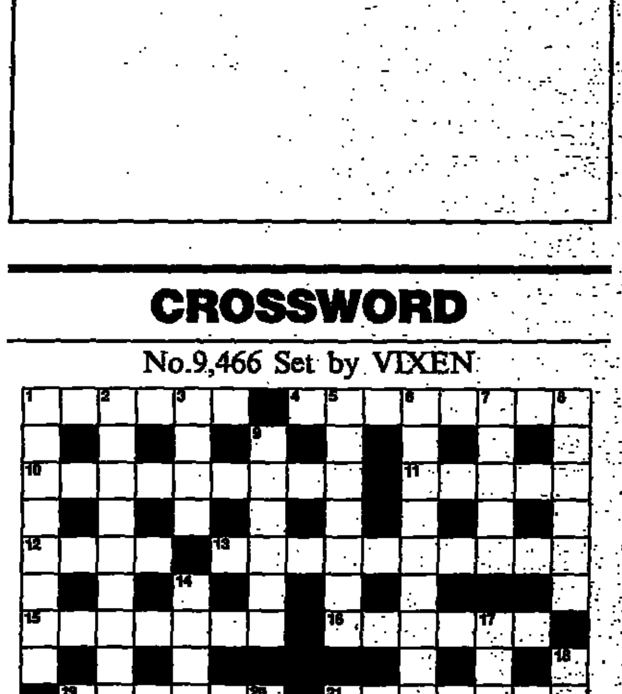
Gold (per troy oz)‡	$325.55	+0.80
Silver (per troy oz)‡	465.90c	+0.40
Platinum (per troy oz.)	$406.00	+2.00
Palladium (per troy oz.)	$188.00	+1.50
Copper	105.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.70r	
Tin (New York)	256.5	
Cattle (live weight)	99.74p	-0.35*
Sheep (live weight)	113.84p	+4.55*
Pigs (live weight)†	69.56p	+4.94*
Lon. day sugar (raw)	$285.40	-1.60
Lon. day sugar (wte)	$350.90	+0.80
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Oct)¥	59.00p	-0.25
Rubber (Nov)¥	59.00p	-0.25
Rubber (KL RSS No1)	256.0z	+1.5
Coconut Oil (Phil)§	575.0y	-5.0
Palm Oil (Malay.)§	497.5z	+5.0
Copra (Phil)§	$385.0y	-5.0
Soyabeans (US)	223.0	+9.0
Cotton Outlook'A' index	81.05c	
Wooltops (64s Super)	419p	-10

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Aug/Sep. z Aug. w Oct. ¥London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. †Based on 1,297 head of pigs sold.

JOTTER PAD

CROSSWORD

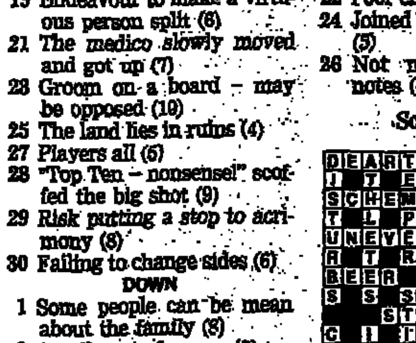
No.9,466 Set by VIXEN



ACROSS
1 A writer taking cake without tea (6)
4 Giving rise to gloom in a vast area of central Asia (8)
10 Spot fruit and settle for that (9)
11 Old Greek offering tip-top accommodation (5)
12 The woman in grey flannel looks very chic (4)
13 Prenuptial agreement causing conflict (10)
15 The ghosts of tots? (7)
16 Just a little sweet (6)
19 Endeavour to make a virtuous person split (6)
21 The medico slowly moved and got up (7)
23 Groom on a board – may be opposed (10)
25 The land lies in ruins (4)
27 Players all (5)
28 "Top Ten – nonsense!" scoffed the big shot (9)
29 Risk putting a stop to acrimony (8)
30 Failing to change sides (6)

DOWN
1 Some people can be mean about the family (8)
2 An ailment of grouse (9)
3 The colleague for whom Sarah's lost her head (4)
5 Striking found the guy totally friendless (7)
6 Fruit-producers given spare change (10)
7 The flower of oblivion (5)
8 American novelist occupying a rural cottage (6)
9 Gets an organisation formed for middlemen (6)
14 Left copy in bar (10)
17 Support is delayed but put into force (9)
18 He daren't upset a fan (8)
20 A single case is no longer enough (7)
21 Swell Italian article acquired in time (6)
22 Poor chesty grass-cutter! (6)
24 Joined and finally checked (5)
26 Not now appearing on notes (4)

Solution 9,465



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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

The Financial Times plans to publish a Survey on

Logistics

on Thursday October 2

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FT Surveys

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BAu Asset Management Ltd

Bank Von Ernst & Cie AG

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Barclays Diversified Portfolio (z)

Barclays Int Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA (z)

Chase Manhattan Vista Funds

Comgest SA

Commercial Union Luxembourg SA (u)

DB Investment Management SA

Danske Fund (u)

Den norske Bank

Dolphin Intl Investments (u) SICAV

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

Egistam Global SICAV (u)

Fidelity Funds (u)

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Frontrunner I (u)

GT Global

HSBC Investment Funds Luxembourg SA (u)

INVESCO International Limited (u)

Jefferies

Jupiter Tyndall Global Fund

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (u)

Liberty Newport World Portfolio (u)

Lloyds Bank Luxembourg

Lombard Odier Invest (u)

Manulife Global Fund (u) (v)

Mercury Asset Management

Morgan Stanley Sicav

Nikko Global Umbrella Fund

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Grs
Japan Pct Rev		Y818	874		-
Japan Pct Rev USD		$6.47	6.93		-
Japan Pct Rev £		£4.28	4.32		-
JASDAQ A		Y707	713		-
JASDAQ B		$7.56	7.83		-
Asia Pacific		$17.31	17.67		-
Hong Kong		$53.49	54.59		-
Indonesia		$8.75	8.93		-
Malaysia		$8.61	8.98		-
Oceania		$17.78	17.64		-
Philippines		$10.93	11.17		-
Singapore		$10.91	11.15		-
Thailand		$6.86	7.02		-

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Proton Asset Management S.A.

Rothschild Asset Management

S-E-Banken Luxembourg SA

Sarasin Investment SICAV (u)

Schroder International Selection Fd (u)

Scottish Equitable Intl Fund SICAV (u)

Sun Life Global Management Ltd (u)

Svenska Selection Fund SICAV

Templeton Global Strategy Funds (u)

Thornton Investment Management Ltd

Threadneedle-Threadneedle Global Assets (u)

LUXEMBOURG (REGULATED)(**)

ACM Offshore Funds

ACM Offshore Funds - Contd.

Income & Growth Portfolios

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Grs
Francs Global Eq		$12.37	13.18	-0.04	2.42
Francs Global Eq B		$12.37		-0.04	1.65
Francs Global Eq C		$12.96		-0.04	-

Aetna International Umbrella Fund (u)

Alliance Capital

Arnold Bank (Switzerland) Ltd

Asian Development Equity Fund

Barclays Liquidity Portfolio

BBL Taiwan Premier Fund

Bankers Trust

Bowen Indosuez Luxembourg

CS Fund International (u)

CSFB Umbrella

Carlson Investment Management

Cazenove International Mgt (Luxembourg) SA

Clark Capital Management Group Inc

Clemente Korea Emerging Growth Fund

Cox & Kings Overseas Fund

Credit Agricole Funds

Daiwa Japan Small Equity Fd (u)

Dexion Worldwide Investment Fund

The Dragon Fund Sicav

Egypt Trust

Emerging Markets Brewery Fund SICAV

The European Asset Value Fund

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

Fischer Francis Trees & Watts

Fleming Group

Fleming Fund Management (Lux)

Fonditalia Mgmt Company SA (Umbrella Fund)

Foreign & Colonial Emerging Markets Ltd

Framlington Russian Investment Fund

Fred Alger Management Inc

Global Funds Management S.A. (u)

Global Futures & Options SICAV

Goldman Sachs

HSBC NAFT Luxembourg SA

HTR India Fund - SICAV

HYPO Capital Mgmt Invest Luxembourg SA

Henderson Independent Fund

IXIS Management SA

International Bond Trust

INVESCO International Limited

InvesCorp Investment Fund SICAV

Investissements Atlantiques SA

Kleinwort Benson Intl Fd Management SA

Korea Golden Gate Fund

Lloyds Bank Luxembourg

Lloyds Bank Asset Management

MFS Investment Management

Merrill Lynch Asset Management

Morgan Grenfell Investment Funds

Monetary Trust SICAV

Murray Dolevant, Sicav

NCNB Asia Pacific Umbrella Fund

Nikko Bank (Luxembourg) S.A.

Nikko Capital Management

Pan-Holding SA

Pictet Group

Rosenberg Global Mgmt Co SA (u)

Rosenberg US Japan Mngmt Co SA (u)

Rothschild (Group Edmond de)

Royal Bank of Canada

SCI/TECH SA

Scudder, Stevens & Clark

Sector Fund

Seligman Global Horizon Funds

Signet Fund SICAV

Skopos Asset Management

Societe Generale Emerging Europe Asset Mgt

Standard Chartered Intl Asset Mgt

State Street Luxembourg SA

State Street Research & Management Co

Stemsland Scudder Environmental Value Fd

Swiss Bank Corporation

TCW Luxembourg Funds

Target International Ltd

Templeton Russian & East European Debt Fd

Tower Fund

Trinity Brown Value Funds

Union Bancaire Privee

Union Bancaire Asset Management

VLS Finance Ltd India

Van Kampen American Capital Navigator Funds

	Selling Price	Buying Price	+ or -	Yield Grs
Emerging Markets Equity A	$12.76	13.61	-0.16	-
Emerging Markets Equity B	$12.47		-0.15	-
Emerging Markets Fixed Income A	$14.07	15.01	+0.01	-
Emerging Markets Fixed Income B	$14.02		+0.01	-
US Quality Equity A	$16.46	17.56	+0.08	-
US Quality Equity B	$16.16		+0.08	-

"WINTERTHUR" Fund Mngmt Co (Lux) SA

	Selling Price	Buying Price	+ or -	Yield Grs
WIN Global Intl Bond A	Ecu162.91		—	-
WIN Global Intl Bond T	Ecu208.13		—	-
WIN Global Intl Equity A	Ecu191.13		—	-
WIN Global Intl Equity T	Ecu198.81		—	-
WIN Global Diversified A	Ecu257.40		—	-
WIN Global Diversified T	Ecu258.42		—	-

WP Stewart Global Growth Fund

	Selling Price	Buying Price	+ or -	Yield Grs
Global Growth	$13.7803		-0.28	-

World Trust Fund

	Selling Price	Buying Price	+ or -	Yield Grs
Shares NAV	$19.29		—	-

OFFSHORE INSURANCES

Aberdeen International Ltd

Hirzel Hse, PO Box 237, St Peter Port, Gsy 01481 727066

Exchange rate at Valuation Day 26/08/1997

	Selling Price	Buying Price	+ or -	Yield Gross
Dollar Deposit $	53.095	3.249	—	-
European Equity £	615.621	648.092	—	-
Global Managed $	90.757	0.796	—	-
International Equity $	522.149	23.308	—	-
International Fixed Interest $	512.827	13.503	—	-
International Managed $	514.638	15.408	—	-
N American Equity $	55.145	5.417	—	-
Pacific Enterprise $	52.054	2.163	—	-
Pacific Equity $	55.469	5.779	—	-
Star 2 £	297.3	313.1	—	-
Star 3 £	233.1	245.4	—	-
Star 4 £	261.9	275.7	—	-
Sterling Deposit £	456.0	455.9	—	-

Albany International Assurance Ltd

Allied Dunbar International Assce Ltd

CMI Insurance Co Ltd

Eagle Star Intl Life

Equitable Life (Int) Ltd

Fidelity Investments Life (Int)

Friends Provident International Ltd

General Accident Intl Life

Guardian Royal Exchange Intl Assurance

Hansard Europe Limited - Contd.

Hansard International Ltd

Irish Life International

Isle of Man Assurance Ltd

Lazarus International Assurance

Old Mutual International (Guernsey) Ltd

Old Mutual International (Ireland) Ltd

Premier Life

Royal Life International Ltd

Skandia Life Assurance (Int) Ltd

Standard Europe Limited

Sun Life of Canada Intl

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	Selling Price	Buying Price	+ or -	Yield Gross
Royal Skandia Life Assurance Ltd (z)				
£ Cautious Baring Mgd	£1.756	1.907	+0.002	–
£ Balanced Baring Mgd	£1.894	2.038	+0.003	–
£ Aggressive Baring Mgd	£1.852	1.987	+0.001	–
£ Cautious Gartmore Mgd	£1.538	1.649	–	–
£ Balanced Gartmore	£1.782	1.910	-0.007	–
£ Balanced Fidelity	£2.135	2.285	-0.009	–
£ Bond Managed	£1.635	1.459	-0.007	–
£ Balanced INVESCO	£2.341	2.499	-0.002	–
£ Aggressive Perpetual	£2.353	2.530	-0.004	–
£ Deposit	£1.776	1.911	+0.001	–
£ Building Society	£1.835	1.873	–	–
[illegible]				
Banco de Brazil—BB Fund				
Class A—Brazilian Equities	$1810.071308		(4)	–
Class B—Brazilian Fixed Inc	$1288.552737		–	–
Class D—Brazilian Fixed Inc	$1184.7465		(4)	–
Banc Internacional D'Andorra Banca Mora				
[illegible]				
Bank of America				
World Venture Funds				
Aggressive Growth NAV	$11.61			–
Intl Equity NAV	$11.23			–
International Bond NAV	$9.23			–
US Bond NAV	$10.19			–
US Equity NAV	$14.87			–
Bank of Nova Scotia Trust Co (Cayman) Ltd				
Canadian Equity Growth	C$1.5529		–	–
Global Growth	$1.4405		–	–
North American Sovereign	$1.2505		–	–
Bank Von Ernst & Cie AG				
[illegible]				
Barclays Diversified Fund				
[illegible]				
Barclays Global Investors Hong Kong Ltd				
[illegible]				

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

The Financial Times plans to publish a Survey on

Philippines

on Tuesday, September 16

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ENGINEERING - Cont.

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RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

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SUPPORT SERVICES - Cont.

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TEXTILES & APPAREL

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AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£27⅜	—	*£27⅜	£20¼	2,091	2.7	φ
Barlow	♣†	£7⅜	—	£8⅞	£5¼	1,498	2.0	15.5
Gold Flds Prop R	†	142¼	-1½	187	122	148	6.0	11.1
SA Brews		£18½	-¼	£20¼	£13¾	5,447	2.0	φ
Standard Bank		£27¾	-¼	£30	£21	3,361	1.9	φ
Tiger Oats	†	985	—	1100	790	1,488	1.9	18.8
Tongaat-Hulett		782¼	-2	799¾	676¼	740.2	2.5	φ

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GUIDE TO LONDON SHARE SERVICE

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Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1995
L Estimated annualised yield, p/e based on latest annual earnings
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures
Z Dividend yield to date.

Abbreviations:
xd ex dividend.
xc ex scrip issue.
xr ex rights.
xa ex all.
xp ex capital distribution.

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Far East fears add to pressure on UK stocks

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The latest bout of weakness in far eastern currency and stock markets cast a shadow over London shares yesterday, driving the FTSE 100 index back below the 4,900 level.

It was similar weakness in far eastern markets that provided the spark for the big sell-off in global markets in the middle of the month, when the Dow Jones Industrial Average plunged 247 points, or 3.1 per cent, and Footsie 125 points, or 2.5 per cent.

London was briefly bolstered by a relatively firm opening performance by US Treasury bonds, despite a sharp upward revision in second-quarter US gross domestic product growth.

But a steep opening decline on Wall Street, where the Dow Jones Industrial Average dropped over 120 points shortly after the start of trading, put paid to any chances of London recouping its lost territory.

Footsie was left nursing a 61.5, or 1.3 per cent, fall at 4,845.4, suffering mostly from a steep decline in the three stocks closely linked to the Pacific Rim – Cable & Wireless, HSBC and Standard Chartered Bank.

Losses in those three stocks ranged from 3 per cent in Cable & Wireless to 7 per cent in HSBC and 10 per cent in Standard Chartered, and accounted for almost half the fall in the Footsie.

Falls in the market's second-liners and small caps were much less severe although dealers said any follow-through selling in the leaders would inevitably feed through to the rest of the market.

The FTSE 250 settled 28.2, or 0.6 per cent, off at 4,845.4 and the SmallCap index ended 5.0 down at 2,247.8.

Weakness in the far eastern markets took some time to erode London's initial confident performance.

That had seen Footsie up over 15 points in response to a reasonable showing on Wednesday by Wall Street, a batch of generally encouraging corporate results and a £100m-plus bid for Leigh Interests, spiced with a market raid on the latter's shares.

Dealers and marketmakers were on the defensive as shares came under increasing downside pressure. "To be fair, there is every justification to be frightened by events. It is not just a stock market problem; there may be corporate bankruptcies across the Far East and they will have an impact on Standard Chartered and to a lesser extent on HSBC," said the head trader at a US investment bank in London.

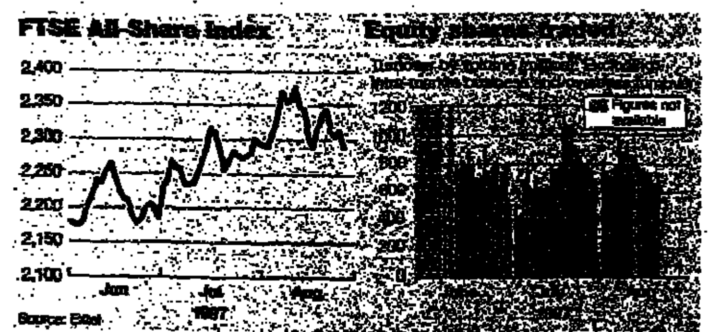
"If the slide across global markets continues and we see money being taken out of the big mutual funds we may well be looking at a correction of between 10 and 15 per cent very quickly," he added.

A leading marketmaker at one big UK securities house warned: "We've seen the Dow drop three figures early on and rally by the end of the New York session many times recently. But there will come a time when it won't rally. It will keep on falling."

Another warning signal came with a sharp increase in activity as the market retreated yesterday. At 6pm, volume reached 970m shares, the highest daily total for three weeks.

FTSE All-Share Index

Equity shares traded



Indices and ratios

FTSE 100	4845.4	–61.5	FT 30	3117.5	–29.0
FTSE 250	4621.4	–28.2	FTSE Non-Fins p/e	19.64	19.80
FTSE 350	2340.5	–26.7	FTSE 100 Fut Sep	4859.0	–80.0
FTSE All-Share	2288.59	–24.73	10 yr Gilt yield	7.12	7.15
FTSE All-Share yield	3.43	3.39	Long gilt/equity yld ratio	2.08	2.11

Best performing sectors

1 Engineering: Vehicles .... +0.6
2 Gas Distribution .... +0.5
3 Oil: Integrated .... +0.2
4 Life Assurance .... +0.1
5 Breweries: Pubs .... +0.1

Worst performing sectors

1 Banks: Retail .... –3.3
2 Household Goods .... –1.5
3 Diversified Inds .... –1.5
4 Investment Trusts .... –1.4
5 Telecommunications .... –1.4

Utilities beat the market

By Peter John and Martin Brice

Selected utilities were firm ahead of a concentrated round of presentations before the closed season.

Analysts will spend the next few weeks visiting some of the UK's less obviously glamorous companies. Invitations are unlikely to be accompanied with bad news so a brief period of sector outperformance is forecast.

Kevin Lapwood, utilities specialist with MeesPierson, commented: "The usual array of visits to sewage works, Turkish building sites and gas-fired power stations are being eagerly anticipated."

The round of corporate hospitality begins with Anglian Water on Monday, followed shortly afterwards by British Energy.

Investors will also be looking for clues to possible share buy-backs. Severn Trent and Wessex Water are widely expected to announce some sort of return of cash to shareholders while in the electricity sector PowerGen has been persistently mentioned.

Anglian was steady at 773p. British Energy rose 2 to 166½p. Wessex slipped 7½ to 474p. Severn Trent gained 6 to 872½p while PowerGen gained 3 to 778½p.

BT was again heavily traded as a two-way pull saw 84m dealt, making it the busiest stock in the market although the shares eased 2½ to 402p. Among deals showing on the screens was a block trade of 7.5m shares at 405p and another of 2.2m at 405½p.

Among the bulls on the stock is James McCafferty at ABN-Amro Hoare Govett, who has upgraded his forecast for BT's 1998-99 earnings per share by 7 per cent following the renegotiated cheaper price to be paid by BT for MCI, its US merger partner. He says the 1999 earnings forecast suggests a BT share price of 450p.

He has also suggested the shares will receive institutional support in the short term because, while BT now constitutes about 2.28 per cent of the All Share index, the new Concert will be about 3 per cent.

He has told clients: "We believe investors are unlikely to reduce holdings before the year-end."

He also explained that the new merger terms still offer an arbitrage opportunity, since yesterday the relationship between the respective share prices and dollar-sterling suggested MCI stock was about 9 per cent undervalued relative to BT.

Hong Kong-related stocks led the UK market lower as they responded to the far eastern market's 4.2 per cent slide and accounted for more than 30 points off the FTSE 100 index.

In Hong Kong, fears of renewed regional currency and stock market weakness triggered a widespread institutional and retail sell-off of blue chips.

Standard Chartered was the worst performer in the Footsie with a double-digit percentage slide hacking the share price by 103½ to 874p. The bank generates more than 30 per cent of its operating profits from Asia Pacific markets.

And HSBC, which generates less than 15 per cent of profits from the region but is the biggest single constituent of the Hang Seng index, tumbled 150½ to £19.60½ in the 75p shares.

Cable and Wireless, which is exposed to the region through its Hong Kong telecom stake, dropped 18½ to 543p. The company also announced losses at its Australian subsidiary.

Halifax held firm with a penny gain to 715p. Following the former building society's maiden interim figures last week, Goldman Sachs has raised its 1997 and 1998 earnings per share forecasts by 5 per cent to 42.9p and 46.2p. However, the US broker maintains its "underperform" rating on the stock arguing that fair value is between 600p and 630p.

Commercial Union bounced 11 to 745½p with support from Panmure Gordon, which published a review of the composite insurers and highlighted CU as its pick of the sector.

The broker said the difference between life profits growth of 24 per cent and dividend growth of only 7 per cent should "narrow to the benefit of yield conscious investors".

Vodafone, which has hosted an analysts' visit to the company, advanced 3½ in early trading but ran into some profit-taking and closed down 4¼ at 309½p.

Ladbroke beat the market malaise and advanced 3¾ in early trading before running into some profit-taking and closing the day a penny firmer at 261¼p.

The advance was driven by a set of interim results that came in at the top end of analysts' expectations and prompted talk of broker upgrades. Analysts were said to be upgrading full-year forecasts from about £210m-£212m to £220m-£222m.

The positive sentiment spread to Thistle Hotels, up 10½ to 153p in a rise said to have been assisted by a squeeze with one leading firm of marketmakers caught short of stock.

Leigh Interests, the waste services company, rose 21 to 173p after General Utilities, the wholly-owned subsidiary of Générale des Eaux, the French company, said it had paid 177p a share for 20m shares, or 29.99 per cent of Leigh in the market, as part of an agreed bid that valued Leigh at about £110m.

Reckitt & Colman fell 20½ to 961p as the consumer goods manufacturer failed to excite the market despite sales growth across all its markets in the first half.

Reckitt reported a near 8 per cent earnings drop for the period, with its wide exposure to a strong pound. Nevertheless, the strong fundamental performance persuaded analysts to upgrade figures for the full year by about £5m to about £320m.

T&N rose 16 to 163½p against the market trend after a set of interim results that highlighted an increase in operating margins.

Marley, the building materials group that announced interim results on Wednesday, saw brisk trade of 4.2m after a bullish note from Teather & Greenwood, which said the stock could reach 135p. David Taylor at the broker said: "The continuing low rating suggests that the enormity of the Great American Garden Chair Disaster of 1995 continues to cloud the market's judgment. This is a pity."

NatWest Securities has upgraded forecasts to £51m pre-tax and told clients the shares, unchanged at 109¼p, are on a discount to the market of 36 per cent for this year and next, and "look undervalued".

Scottish & Newcastle firmed to 724½p after bullish news on trading at the annual meeting was tempered by a statement that the strong pound and weak consumer markets in some of its mainland Europe operations were holding back performance.

FT 30 INDEX

	Aug 28	Aug 27	Aug 26	Aug 22	Aug 21	Yr ago	*High	*Low
FT 30	3117.5	3146.5	3129.0	3143.1	3183.6	2805.7	3222.3	2668.8
Ord. div yield	3.63	3.60	3.64	3.52	3.46	4.05	4.22	3.39
P/E ratio net	20.26	20.44	17.91	18.39	18.67	17.00	20.44	15.80
P/E ratio nil	19.98	20.16	17.73	18.20	18.48	16.84	20.16	15.71

FT 30 since compilation: high 3226.5 12/08/97, low 49.4 26/06/40. Base Date 1/7/35

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3156.3	3159.8	3146.4	3144.6	3124.2	3129.8	3131.8	3126.9	3115.2	3160.1	3114.6

	Aug 28	Aug 27	Aug 26	Aug 22	Aug 21	Yr ago
SEAQ bargains	40,052	39,062	40,113	43,804	41,118	36,751
Equity turnover (£m)†	–	NA	2254.6	2425.6	2350.3	2240.8
Equity bargains†	–	NA	40,793	40,854	39,688	40,071
Shares traded (mil)†	–	NA	874.6	743.1	696.9	682.7

†Excluding intra-market and overseas turnover but including Crest turnover.

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London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	476	Total Highs	44	Total contracts	30,072
Total Falls	982	Total Lows	90	Calls	13,331
Same	1,620			Puts	16,741

Aug 28 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	4944.0	4854.0	–65.0	4955.0	4838.0	11994	69855
Dec	4957.5	4916.5	–66.0	4957.5	4920.0	454	7480
Mar	5000.0	4959.0	–65.0	5000.0	5000.0	50	1780

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	–	4864.0	–28.0	–	–	0	8103

■ FTSE 100 INDEX OPTION (LIFFE) (*4843) £10 per full index point

Strikes: 4650, 4700, 4750, 4800, 4850, 4900, 4950, 5000 (C / P) — Sep, Oct, Nov, Dec, Jun† [illegible]

Oct	298	75	262	89	227	105	196	126	165	140	[illegible]
Nov	350½	109½	314	122½	282½	141½	253	162	223½	18[illegible]	[illegible]
Dec	390½	127½	358½	143½	327	163½	297½	184	285½	2[illegible]	[illegible]
Jun†			502½	220			441½	257			

Calls 2,868 Puts 3,058

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4675		4725		4775		4825		4875		[illegible]
Sep	224	46	185½	58½	152½	74	121½	92½	94½	1[illegible]	[illegible]
Oct	275½	81½	241	96½	208½	114½	178	135½	152	1[illegible]	[illegible]
Nov	332½	113½	298½	129½	268	147	237	165	208	18[illegible]	[illegible]
Dec			339½	147½			278½	184			
Mar†			428	195½			368½	232			

Calls 1,747 Puts 7,158 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	–	415	399	Antofagasta Uts	402½	+1	–	–	–	–
*	F.P.	7.94	80½	70½	†Blakes Clothing	79½		L1.45	5.1	2.3	8.7
–	F.P.	85.0	109¾	101	Bristol & W Pf	108¾	+¼	–	–	–	–
§100	F.P.	28.9	145	109½	Cammell Laird	136		L3.8	2.1	3.5	13.1
	F.P.	–	116	114	EMI B	115		Z2.75	–	3.1	–
*	F.P.	9.92	117½	117½	Fairfield Ents	117½		W2.0	7.9	2.1	7.4
§-	F.P.	7.24	65	55	†GR Holdings	65		–	–	–	43.6
§150	F.P.	265.6	238½	182½	Galen Hldgs	235½	+6½	L0.9	5.7	0.5	37.9
§125	F.P.	5.66	135	95½	†Helicon Publsg	95½		–	–	–	–
§	F.P.	496.2	398½	330	Ionica	331	–1½	–	–	–	–
§160	F.P.	17.0	175½	172½	†Kingfisher Leis	175½		LW2.0	8.0	1.4	14.6
*	F.P.	–	79½	76½	†LEPCO	78½		–	–	–	–
§90	F.P.	4.12	98	92½	†Landround	92½		3.3	1.7	4.5	16.3
§173	F.P.	43.3	217½	185½	Metroline	201½	+2	R5.8	2.8	3.6	12.1
100	F.P.	32.5	112½	99½	Rathbourne Martin	108	–½	–	–	–	–
§100	F.P.	7.99	120½	105½	†SBS Group	112½		L2.4	2.0	2.7	19.8
–	F.P.	–	38½	30	Severn Trent B	33½		–	–	–	–
–	F.P.	–	54½	42½	†Stentor Warrants	49	–4½	–	–	–	–
*	F.P.	13.4	85½	77½	†Style Holdings	85		W1.5	4.4	2.2	11.4
	F.P.	–	22¾	19½	Thorn B	20½		–	–	–	–
–	F.P.	77.5	68½	60	Vigien Tech	63½		–	–	–	–

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Aug 27	% chg on day	Aug 26	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (31)	1427.78	–1.5	1449.82	2057.75	2.08	–	2081.85	1278.14
■ Regional Indices								
Africa (14)	1440.35	–1.1	1455.98	2633.48	5.32	23.87	2695.89	1324.06
Australasia (6)	1573.89	–1.8	1603.04	2415.45	1.51	18.14	2415.45	1338.10
North America (11)	1418.61	–1.6	1442.13	1847.95	0.98	72.07	1850.30	1244.28

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Aug 28	Day's chge%	Aug 27	Aug 26	Aug 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4845.4	–1.3	4906.9	4886.3	4901.1	3885.0	3.41	2.02	18.11	115.99	2079.62
FTSE 250	4621.4	–0.6	4649.6	4650.0	4658.7	4432.1	3.59	1.60	21.69	101.45	1937.02
FTSE 250 ex IT	4636.2	–0.5	4660.7	4660.9	4668.8	4469.2	3.73	1.63	20.51	104.63	1949.02
FTSE 350	2340.5	–1.1	2367.2	2359.2	2365.8	1946.7	3.45	1.94	18.70	55.15	2060.98
FTSE 350 ex IT	2341.5	–1.1	2368.2	2360.0	2366.8	–	3.47	1.95	18.47	23.11	1052.40
FTSE 350 Higher Yield	2258.0	–0.7	2274.4	2271.1	2275.2	1858.4	4.64	1.76	15.31	66.65	1680.54
FTSE 350 Lower Yield	2425.5	–1.5	2462.2	2450.1	2459.0	2044.3	2.47	2.22	22.85	43.51	1736.53
FTSE SmallCap	2247.76	–0.2	2252.75	2253.12	2253.44	2164.86	3.19	1.74	22.51	44.58	1914.96
FTSE SmallCap ex IT	2225.22	....	2224.94	2224.36	2223.32	2156.96	3.44	1.82	19.94	47.89	1912.50
FTSE All-Share	2288.59	–1.1	2313.32	2306.04	2312.11	1923.75	3.43	1.93	18.91	53.35	2035.11
FTSE All-Share ex IT	2289.89	–1.1	2314.39	2306.84	2312.98	–	3.47	1.94	18.55	22.47	1047.46

■ FTSE Actuaries Industry Sectors

	Aug 28	Day's chge%	Aug 27	Aug 26	Aug 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4819.18	....	4821.37	4805.97	4818.31	3633.45	3.19	1.94	20.16	98.75	2162.99
12 Extractive Industries(5)	4193.26	–0.9	4229.94	4213.32	4213.86	4225.83	3.75	2.38	13.97	104.80	1281.75
15 Oil, Integrated(3)	5110.69	+0.2	5101.72	5086.23	5102.92	3718.52	3.30	1.86	20.32	107.40	2359.70
16 Oil Exploration & Prod(12)	3761.24	–1.1	3803.52	3789.15	3768.98	2659.93	1.53	2.26	38.31	38.65	2304.81
20 GEN INDUSTRIALS(263)	2012.41	–0.8	2029.36	2024.66	2029.02	2043.50	3.96	1.77	17.86	49.11	1154.26
21 Building & Construction(35)	1373.85	–0.4	1378.89	1383.90	1387.65	1173.16	3.25	1.98	19.48	26.45	1196.28
22 Building Matls & Merchs(30)	1832.88	–0.8	1847.33	1849.39	1855.94	1931.58	4.39	1.74	16.34	42.64	969.17
23 Chemicals(26)	2642.22	–0.9	2666.12	2662.55	2657.37	2404.66	3.86	1.63	19.87	71.65	1321.54
24 Diversified Industrials(15)	1382.32	–1.4	1402.66	1410.27	1417.45	1526.51	5.27	2.01	11.81	46.48	825.04
25 Electronic & Elect Equip(37)	2140.00	–0.9	2160.28	2131.73	2135.60	2352.76	3.83	1.62	20.08	49.05	1163.74
26 Engineering(66)	2708.41	–0.9	2732.09	2724.04	2727.94	2514.33	3.12	2.36	16.97	62.44	1710.05
27 Engineering, Vehicles(13)	3060.55	+0.6	3043.03	3027.97	3043.69	3144.99	3.32	‡	‡	65.84	1659.47
28 Paper, Pckg & Printing(27)	2140.41	–1.3	2168.73	2148.68	2153.13	2714.78	4.93	1.79	14.12	63.44	938.20
29 Textiles & Apparel(14)	1022.98	–0.1	1023.90	1022.95	1024.78	1281.06	6.84	0.99	18.51	41.67	673.20
30 CONSUMER GOODS(84)	4468.59	–0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Alcoholic Beverages(7)	3238.04	–0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Food Producers(25)	2997.71	–1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Household Goods(17)	3133.74	–1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Health Care(14)	2278.56	–0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Pharmaceuticals(16)	7127.19	–0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(3)	4332.87	–1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 SERVICES(270)	2715.57	–0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(30)	2765.24	–1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(31)	3252.84	–0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(41)	4022.72	–1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(15)	2391.82	–0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(53)	2229.84	–0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Breweries, Pubs & Rest.(22)	3328.21	....	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(55)	3105.27	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(23)	2878.68	–0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(31)	3071.44	–0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(9)	3468.77	–0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	2382.05	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(8)	2333.72	–1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(12)	2873.57	–0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(668)	2306.93	–0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(104)	4490.28	–2.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(10)	6896.65	–3.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(16)	1826.75	–0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(7)	4907.39	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(28)	3344.13	–0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(43)	1984.11	–0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(127)	3430.39	–1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FTSE All-Share(899)	2288.59	–1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
105 FTSE All-Share ex IT(772)	2289.89	–1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling	1252.01	–0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling ex IT	1255.04	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE AIM	1024.9	–0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4921.2	4921.3	4893.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 250	4648.0	4650.1	4648.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350	2372.7	2372.9	2361.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	2252.38	2253.06	2252.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share	2318.28	2318.52	2308.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FTSE 100 Day's high: 8:53 AM Day's low: 3:38 PM. [illegible]
Time of FTSE All-Share Day's high: 8:53 AM Day's low: [illegible]

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† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. Change of name: London Insurance Market IT is now Limit (FTSE 250 & 73); McDonald Information Services is now MDIS (FTSE Fledgling); Format Grp is now Storedata (FTSE Fledgling); [illegible] Grp (FTSE Fledgling); Network Technology (FTSE AIM).

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	[illegible]	[illegible]	[illegible]
AMVESCAP	[illegible]	[illegible]	[illegible]
ASDA Group	[illegible]	[illegible]	[illegible]
Abbey National	[illegible]	[illegible]	[illegible]
Airtours	[illegible]	[illegible]	[illegible]
Albert Fisher	[illegible]	[illegible]	[illegible]
Alliance & Leicester	[illegible]	[illegible]	[illegible]
Allied Domecq	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
Argos	[illegible]	[illegible]	[illegible]
Arjo Wiggins	[illegible]	[illegible]	[illegible]
Assoc. Brit. Foods	[illegible]	[illegible]	[illegible]
Assoc. British Ports	[illegible]	[illegible]	[illegible]
BAA†	[illegible]	[illegible]	[illegible]
BAT Inds†	[illegible]	[illegible]	[illegible]
BBA	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]
BOC†	[illegible]	[illegible]	[illegible]
BG†	[illegible]	[illegible]	[illegible]
BP†	[illegible]	[illegible]	[illegible]
BPB	[illegible]	[illegible]	[illegible]
BSkyB†	[illegible]	[illegible]	[illegible]
BT†	[illegible]	[illegible]	[illegible]
BTR†	[illegible]	[illegible]	[illegible]
Bank of Scotland	[illegible]	[illegible]	[illegible]
Barclays†	[illegible]	[illegible]	[illegible]
Bass†	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]
Booker	[illegible]	[illegible]	[illegible]
Boots†	[illegible]	[illegible]	[illegible]
Britannic	[illegible]	[illegible]	[illegible]
Brit. Aerospace†	[illegible]	[illegible]	[illegible]
British Airways†	[illegible]	[illegible]	[illegible]
British Biotech	[illegible]	[illegible]	[illegible]
British Energy	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]
British Steel	[illegible]	[illegible]	[illegible]
Burmah Castrol	[illegible]	[illegible]	[illegible]
Burton	[illegible]	[illegible]	[illegible]
Cable & Wireless	[illegible]	[illegible]	[illegible]
Cadbury Schweppes†	[illegible]	[illegible]	[illegible]
Caradon	[illegible]	[illegible]	[illegible]
Carlton Comms.†	[illegible]	[illegible]	[illegible]
Centrica†	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]
Comm. Union	[illegible]	[illegible]	[illegible]
Compass	[illegible]	[illegible]	[illegible]
Cookson	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]
Dalgety	[illegible]	[illegible]	[illegible]
De La Rue	[illegible]	[illegible]	[illegible]
Dixons†	[illegible]	[illegible]	[illegible]
EMAP	[illegible]	[illegible]	[illegible]
EMI†	[illegible]	[illegible]	[illegible]
Electrocomponents	[illegible]	[illegible]	[illegible]
Energy Group	[illegible]	[illegible]	[illegible]
Enterprise Oil	[illegible]	[illegible]	[illegible]
FKI	[illegible]	[illegible]	[illegible]
Foreign & Col.	[illegible]	[illegible]	[illegible]
Gen. Accident	[illegible]	[illegible]	[illegible]
General Electric	[illegible]	[illegible]	[illegible]
Glaxo Wellcome	[illegible]	[illegible]	[illegible]
Glynwed	[illegible]	[illegible]	[illegible]
Granada†	[illegible]	[illegible]	[illegible]
Grand Met	[illegible]	[illegible]	[illegible]
GUS†	[illegible]	[illegible]	[illegible]
Greenalls	[illegible]	[illegible]	[illegible]
GRE†	[illegible]	[illegible]	[illegible]
GKN†	[illegible]	[illegible]	[illegible]
Guinness†	[illegible]	[illegible]	[illegible]
HSBC (75p)	[illegible]	[illegible]	[illegible]
Halifax†	[illegible]	[illegible]	[illegible]
Hammerson	[illegible]	[illegible]	[illegible]
Hanson†	[illegible]	[illegible]	[illegible]
Harrisons Crosfield	[illegible]	[illegible]	[illegible]
Hays†	[illegible]	[illegible]	[illegible]
Hillsdown	[illegible]	[illegible]	[illegible]
Hyder	[illegible]	[illegible]	[illegible]
IMI	[illegible]	[illegible]	[illegible]
ICI†	[illegible]	[illegible]	[illegible]
Imperial Tobacco	[illegible]	[illegible]	[illegible]
Inchcape	[illegible]	[illegible]	[illegible]
Johnson Matthey	[illegible]	[illegible]	[illegible]
Kingfisher†	[illegible]	[illegible]	[illegible]
Ladbroke†	[illegible]	[illegible]	[illegible]
Land Secs	[illegible]	[illegible]	[illegible]
Laporte	[illegible]	[illegible]	[illegible]
Legal & General	[illegible]	[illegible]	[illegible]
Lloyds TSB	[illegible]	[illegible]	[illegible]
LASMO†	[illegible]	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]	[illegible]
LucasVarity	[illegible]	[illegible]	[illegible]
MEPC	[illegible]	[illegible]	[illegible]
MFI	[illegible]	[illegible]	[illegible]
Marks & Spencer	[illegible]	[illegible]	[illegible]
Mercury Asset Mgt	[illegible]	[illegible]	[illegible]
Morrison (Wm)	[illegible]	[illegible]	[illegible]
NFC	[illegible]	[illegible]	[illegible]
NatWest Bank	[illegible]	[illegible]	[illegible]
National Grid	[illegible]	[illegible]	[illegible]
National Power	[illegible]	[illegible]	[illegible]
Next†	[illegible]	[illegible]	[illegible]
Northern Foods	[illegible]	[illegible]	[illegible]
Norwich Union	[illegible]	[illegible]	[illegible]
Orange†	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

GOVERNO DO ESTADO DE SÃO PAULO

DIRECTIVE COUNCIL OF THE STATE PROGRAM FOR PRIVATIZATION
PUBLIC HEARING NOTICE

CESP - Companhia Energética de São Paulo pursuant to the rules of the Directive Council of the State Program for Privatization and those set forth in Article 39 of Brazilian Federal Law nº 8666/93 announces that it will hold a Public Hearing which shall take place for the purposes of clarifications and discussions with respect to the terms of the notice ("Edital") to be issued in connection with the privatization of CPFL - Companhia Paulista de Força e Luz, in accordance with São Paulo State Law nº 9361/96.

The Public Hearing will be held on September 11, 1997, at 2:30 p.m., in the Auditorium of the São Paulo Stock Exchange - Bovespa, at Rua XV de Novembro, 275 - 1º floor - São Paulo - SP - Brazil.

SECRETARIA DE ENERGIA

CESP Companhia Energética de São Paulo

THE KINGDOM OF DENMARK
£500,000,000
Floating Rate Notes Due 1998

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 28th August, 1997 to 28th November, 1997 the rate of interest on the Notes will be 7.1875% per annum. The interest payable on the relevant interest payment date 28th November, 1997 will be £181.16 per £10,000 Note and £1,811.64 per £100,000 Note.

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DAEJAN HOLDINGS PLC

The Chairman,
Mr B. S. E. Freshwater, reports:

- Portfolio valued at record £440 million.
- Increase in net rental income to £28 million.
- Gearing remains conservative.
- Continued policy of steady and sustained growth.

Year ended 31 March	1997	1996
Net Profit After Tax	£16.8m	£14.5m
Dividends Per Share	38.0p (proposed)	35.0p

Copies of the Report and Financial Statements are available from: The Secretary, 162 Shaftesbury Avenue, London WC2H 8HR.

U.S. $300,000,000
Scotiabank
THE BANK OF NOVA SCOTIA
Floating Rate Subordinated Capital Debentures Due 2085

Interest Rate	6% p.a.
Interest Period	29th August 1997 / 27th February 1998

Interest Amount due 27th February 1998
per U.S. $ 10,000 Debenture U.S. $ 303.33
per U.S. $100,000 Debenture U.S. $3,033.30

Credit Suisse First Boston (Europe) Ltd.
Agent

هكذا من الأصل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 28 / Sch)

BELGIUM/LUXEMBOURG (Aug 28 / Frs.)

CZECH REP (Aug 28 / Koruna)

DENMARK (Aug 28 / Kr)

FINLAND (Aug 28 / Mkka)

FRANCE (Aug 28 / Frs.)

GERMANY (Aug 28 / Dm.)

GREECE (Aug 28 / Drachma)

ITALY (Aug 28 / Lire)

NETHERLANDS (Aug 28 / Fls.)

NORWAY (Aug 28 / Kroner)

POLAND (Aug 28 / Zloty)

		+/-	High	Low	Yld	P/E
BkHdwy	43.90	−.10	*46	37.80	...	—
Elktrm	33.50	...	*33.50	8	0.6	45.3
Exbud	41	+.50	*42	18.50	—	38.0
Mostal	30.60	−.30	*31.80	12.50	...	—
Wedel	214	+2	*215	125.30	0.6	—
Wlczak	17.60xd	−.20	*27.50	16.50	4.0	6.5
Zywiec	270xd	+5	*270	133	0.7	—

PORTUGAL (Aug 28 / Escudo)

SPAIN (Aug 28 / Pts.)

SWEDEN (Aug 28 / Kronor)

SWITZERLAND (Aug 28 / Frs.)

TURKEY (Aug 28 / Tk Lira)

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PACIFIC

JAPAN (Aug 28 / Yen)

HONG KONG (Aug 28 / H.K.$)

INDONESIA (Aug 28 / Rupiah)

MALAYSIA (Aug 28 / MYR)

NEW ZEALAND (Aug 28 / NZ $)

SINGAPORE (Aug 28 / S$)

AUSTRALIA (Aug 28 / Aust$)

SOUTH KOREA (Aug 28 / Won)

TAIWAN (Aug 28 / TW $)

THAILAND (Aug 28 / Baht)

		+/-	High	Low	Yld	P/E
AdvInF	161xd	−13	*362	132	3.7	—
BgkBkF	180	−10	350	138	1.7	...
BgkLdF	8	+1	38	5.80	...	7.9
DSiamF	19	−2	129	12	10.5	2.8
KrThF	24	...	113	23.60	8.5	...
LndHsF	37	−2	229.36	28.23	13.5	...
PhThaF	43	−12	158	23.50	6.5	6.1
SmCemF	550	−16	1,060	167	3.6	10.9
SamCI	120	...	212	73	6.7	...
SmCBkF	85.50	−2	332	83	8.2	4.2
TeleAs	29.75	−2.75	64	23.50	...	51.3
ThFrmF	102xd	−15	272	90	5.9	7.1

NORTH AMERICA

CANADA

TORONTO (Aug 28 / Can $)
4 pm close

Sales			+/–	High	Low
403907	AbitbC	24.75	−4	28.8	17.1
71316	AgnEag	12.3	+.05	25	11
304060	AirCda	10.85	−.25	12.15	4.75
140266	AlbtaE	30.85	−.15	35.5	25
566979	AlcanAl x	49.2	−1.05	55.7	40.1
386603	AndExp	17.4	−.2	*20.25	15.15
177055	AlcoCl	28.35	+.1	28.6	19.8
22415	Avenor	28.2	+.45	28.7	19.4
	BCSugA	16.4		16.6	10.2
45596	BC Tel	33.6	−.25	36.5	26.9
1298082	BCE	39.25	−2	44.25	25.75
7295	BCE Mb	50.2		52	39.3
5800	BGR A	14.6	+.1	19.45	12.05

MONTREAL (Aug 28 / Can $)
4 pm close

Sales			+/–	High	Low
163503	BioChP	36.6	−.9	41.45	21.25
28594	Cscade	10.05		11	5.85
7500	GTC B	11	+.35	12.15	9.1
27830	JCoutu	16.85	+.5	17.95	8.4
98604	MtRich x	14.95	−.05	17.05	9.25
7800	QbcorA	25.9	−.15	27.85	20.5
117950	Vidtrn x	10.7	−.1	12.35	10.05

AFRICA

SOUTH AFRICA (Aug 28 / Rand)

		+/–	High	Low	Yld	P/E
ABSA	30.45	+.45	35.50	20	2.4	13.7
AECI	26.25xd	...	28.50	21.80	3.5	9.5
Allied	119.50	+2.50	145	44.60	3.2	15.9
Amic	199xd	−1	213	153.50	2.8	13.3
Amcoal	278	+3	357.50	200	4.7	8.0
AngAm	241.50	−.50	296	239	2.9	8.0
Angold	254.50	−2.50	421	238.50	5.8	11.3
AngAmI	154	+.50	178	130	4.0	9.2
Amplat	36.50	...	39.50	25	3.3	22.4
Angvaa	18	+.50	23.36	15.40	1.7	11.2
AngvM	96.25	+.25	147	93	2.0	12.3
Avgold	4.25	...	*12.50	3.60	—	...
Avmin	11.25	+.05	21	11	2.4	34.6
BarlowA	55.25	+.25	65	39.65	2.0	16.8
Beatrx	21.60xd	−.15	35.50	18	6.4	12.0
Buffel	11.75	−.25	28	8.60	...	2.1
CNAGal	5	...	5.20	3.30	2.1	20.3
DeBCen	151.25	+2.25	178	128.25	...	17.0
Deelkr	3.10	+.10	5.20	2.70	...	64.0
Driefn	34.75	+.10	63.25	29	4.3	9.4
DurDRg	13.50	−.25	*40.25	9.20	...	28.6
Ergo	6.40xd	...	10.50	5.45	17.2	-
EastvG	5.20	−.78	8.34	4.15	...	...
Edgars	125	−3	138.50	98	2.0	20.9
ElandG	16.25xd	...	38	14.80	8.6	28.0
Engen	25.30	−.30	29.20	20.30	3.8	12.5
Evnder	13.05	−.95	45.50	13.05	3.8	6.3
FNatBk	37.70	−.70	41.25	19.80	2.1	16.4
Fregol	24xd	−.50	51	21	12.7	...
Genbel	23.60xd	−.30	24.75	14.70	2.8	43.7
Gencor	11.65xd	+.50	14.74	9.85	2.8	11.3
GFSA	95.75	−1.75	153.50	88.75	2.4	—
GrnSb	3.15	−.05	7.60	3	6.0	2.4
Harmny	23	+.25	45.40	18.50	...	6.3
Hvelde	19.85xd	+.30	20.70	14.20	1.9	25.6
I & J	3.10	−.05	4.30	2.60	3.5	8.2
ISCOR	2.95	...	3.80	2.55	3.4	8.3
Imphol	53	+.25	64	40.50	2.1	16.1
Ingwe	24.10	+.10	*33.80	22.50	8.2	7.5
JCI	29.85	−.25	50.50	28	2.6	6.5
Johnnic	61.75	−.25	70	48.75	1.5	21.5
Kloof	25.25	−.25	44.84	23	2.8	12.5
Liberty	383.50	+3.25	387.50	308	2.6	46.7
LibLife	146.25	−.25	151	111	2.4	53.9
MassMrt	12.35	+.05	17.20	8.80	3.9	11.3
Metbok	6.45	−.04	7.40	5.42	...	3.4
Mideon	88.75	−.50	107.50	90	...	...
Nampak	19.25	−.75	20.50	16.25	2.1	16.5
Nedcor	93	...	102.25	57.50	1.8	18.5
PalabM	63	...	89.60	62	8.9	5.6
Pick&P	7.40	−.12	8.50	4.15	2.4	25.8
PrmeGp	6.98	+.02	7.30	5	2.4	18.2
PretPt	82.50	+4	85	59	3.6	17.7
Rendta	8.40	+.10	30	8.10	6.0	8.3
RmbrGp	46	+.30	49.75	34	1.7	12.4
RmbrCn	29.25	−.25	32.25	23.45	1.9	10.6
Reunrt	15.45	+.15	*17.25	11.80	2.3	14.8
RustPl	80	...	85.25	56	1.9	37.7
SAPPI	43.75	+.50	49.50	32	...	19.0
SASOL	63.75	+1.25	64	45	2.1	16.2
SafRen	11.60	+.20	12.55	9.70	3.3	13.4
Sentch	11.35	−.05	14.25	6.80	2.5	8.7
SmthFd	77.50	−.50	87.50	66	2.4	11.4
SmthCG	24.40	−.10	27.75	20.75	2.4	14.4
SABrew	141	−.25	151	106	2.0	22.3
SAMnAm	36.50	−.50	61.50	34.50	1.9	17.1
SLife	46.50	−.50	53	37	3.4	21.5
Stind	101xd	−1.50	184	84	7.7	11.4
St Hel	18.60xd	...	33.70	17	9.1	4.9
StandB	211xd	−2	225	163	2.1	16.4
TigOat	71.75	−1.25	83.75	54.25	1.9	13.7
TngHul	72	—	82	48	2.4	12.5
VReefs	240xd	...	400	205	8.2	...
W Area	38.50	+.10	75	25.80	1.0	38.0
W Deep	115.50xd	−.50	170.50	81	5.5	...
Woltru	25.70	−.70	*30	18.20	2.0	22.2

Prices supplied by Exel, part of FT Information.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Prices in US $.

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INDICES

	Aug 28	Aug 27	Aug 26	1997 High	1997 Low
Argentina					
General(29/12/77)	(c)	24860.90	24526.84	24917.88 6/8	18237.37 2/1
Australia					
All Ordinaries(1/1/80)	2631.3	2626.5	2626.3	2745.90 2/7	2352.20 1/4
All Mining(1/1/80)	824.2	831.4	832.5	967.38 24/2	814.88 19/8
Austria					
Credit Aktien(30/12/84)	441.08	445.36	438.89	468.82 1/8	374.40 9/1
Traded Index(2/1/91)	1353.88	1354.85	1331.29	1480.49 31/7	1130.22 9/1
Belgium					
BEL20(1/1/91)	2315.34	2341.02	2341.82	2621.90 28/7	1871.06 2/1
Brazil					
Bovespa(29/12/83)	(c)	11719.0	11626.0	13617.00 8/7	6956.59 2/1
Canada					
Metals & Minls(1975)	(c)	5057.39	5100.35	5891.75 10/3	4945.96 11/4
Composite(1975)	(c)	6674.20	6697.90	6945.16 7/8	5879.30 14/4
Portfolio(4/1/83)	(c)	3336.89	3349.34	3504.53 7/8	2946.02 11/4
Chile					
IGPA Gen(31/12/80)	(c)	5535.49	5543.70	5880.71 4/7	4912.42 2/1
Denmark					
Copenhagen SE(3/1/83)	623.15	625.07	627.31	656.29 17/7	470.14 2/1
Finland					
HEX General(28/12/90)	3381.23	3403.11	3380.08	3695.88 7/8	2483.28 2/1
France					
SBF 250(31/12/90)	1884.52	1887.38	1865.55	2003.43 31/7	1533.19 2/1
CAC 40(31/12/87)	2826.41	2871.70	2869.26	3075.87 31/7	2258.97 2/1
Germany					
FAZ-Aktien(31/12/58)	1345.83	1330.49†	1334.80	1461.44 31/7	986.21 2/1
Commerzbank(1/12/53)	3930.9	3890.0	3899.6	4336.78 31/7	2876.90 2/1
DAX(30/12/87)	3973.65	3995.88†	3959.33	4438.93 31/7	2848.77 2/1
Greece					
Athens SE(31/12/80)	1544.39	1541.99	1565.96	1727.78 23/5	954.54 2/1
Hong Kong					
Hang Seng(31/7/64)	14876.10	15533.85	15547.22	16673.27 7/8	12055.17 3/4
India					
BSE Sens(1979)	3863.15	4097.58	4107.24	4548.02 5/8	3225.24 2/1
Indonesia					
Jakarta Comp(10/8/82)	530.36	555.46	554.23	740.83 8/7	530.36 28/8
Ireland					
ISEQ Overall(4/1/88)	3602.54	3580.87	3570.70	3725.89 8/8	2725.87 2/1
Italy					
Banca Comm Ital(1972)	893.91	888.64	884.91	959.18 23/7	642.85 2/1
MIB General(2/1/87)	1329.0	1336.0	1331.0	1442.00 23/7	981.00 2/1
Japan					
Nikkei 225(16/5/49)	18451.45	18441.94	18814.86	20681.97 15/5	17303.65 10/1
Nikkei 300(1/10/82)	280.97	281.64	286.72	303.71 26/7	251.04 27/1
Topix(4/1/68)	1438.10	1442.78	1465.91	1560.28 26/6	1320.82 10/4
2nd Section(4/1/68)	1614.61	1622.65	1634.51	1848.25 30/6	1516.50 15/4
Malaysia					
KLSE Comp.(4/4/86)	812.18	847.92	866.00	1271.57 25/2	812.18 28/8
Mexico					
IPC(Nov 1978)	(c)	4912.88	4918.51	5212.89 6/8	3359.48 2/1
Netherland					
CBS TtlRtnGen(End 83)	1040.2	1070.6	1070.7	1184.80 7/8	730.80 2/1
CBS All Shr(End 83)	600.0	617.5	617.6	684.40 7/8	429.00 2/1
New Zealand					
Cap. 40(1/7/86)	2487.89	2473.53	2488.55	2575.52 30/7	2207.48 1/4
Norway					
Oslo SE(Ind)(2/1/83)	2087.93	2081.14	2080.22	2217.38 7/8	1639.03 2/1
Philippines					
Manila Comp(2/1/85)	2071.57	2264.03	2300.82	3447.60 3/2	2071.87 28/8
Portugal					
BVL 30(4/1/93)	3339.01	3449.85	3438.86	3903.95 7/8	2165.57 2/1
Singapore					
SES All-S'pore(2/4/75)	460.16	477.71	482.74	573.03 17/2	460.16 28/8
South Africa					
JSE Gold(28/9/78)	1024.9♥	1030.7	1039.9	1588.16 27/2	903.90 7/7
JSE Ind.(28/9/78)	9076.5♥	9105.2	9088.7	9314.20 7/8	7869.50 2/1
South Korea					
KoreaCompEx**(4/1/80)	718.86	730.28	734.03	792.29 17/6	611.08 7/1
Spain					
Madrid SE(30/12/85)	576.42	578.55	580.11	629.15 7/7	484.54 9/1
Sweden					
AffarsvarldnGen(1/2/37)	3067.0	3099.8	3102.0	3315.80 7/8	2378.50 2/1
Switzerland					
SMI Index(1/7/88)	5217.3	5409.6	5363.3	6012.60 8/7	3922.90 7/1
SPI General(1/6/87)	3385.53	3489.29	3467.70	3768.79 8/7	2508.22 6/1
Taiwan					
Weighted Pr.**(30/6/66)	9827.49	10050.67	10116.84	10116.84 26/8	6844.75 6/1
Thailand					
Bangkok SET(30/4/75)	511.76	523.74	525.49	858.97 22/1	464.77 19/8
Turkey					
IMKB Nat. 100(1986)	1973.00	1925.00	1925.00	2050.00 7/8	996.00 2/1
WORLD					
MS Capital Intl(1/1/70)	824.2*	832.3	835.1	861.80 31/7	704.50 14/4
CROSS-BORDER					
Eurotrack 100(26/10/90)	2561.20	2573.20	2578.39	2794.80 7/8	1880.30 2/1
FTSE E 100(26/6/90)	2149.59	2184.76	2172.86	2365.96 7/8	1582.99 2/1
HSBC JC Dragon(31/12/88)	(c)	398.03	400.45	434.83 6/8	381.63 29/4
MS Emerg Mkts(7/1/92)	(c)	179.85	180.33	196.81 9/7	159.74 3/1

INDEX FUTURES

■ CAC-40 (MATIF/MONEP) (200 x index)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Aug	2866.0	2824.0	−44.0	2897.0	2805.0	41,281	21,481
Sep	2901.0	2830.5	−44.5	2903.0	2805.0	24,218	32,297

■ DAX

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	4028.0	3886.0	−109.0	4049.5	3884.0	35,117	86,878
Dec	4072.0	3918.0	−103.5	4075.0	3900.0	1,822	4,947

■ OMX

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	2483.00	2450.00	−25.00	2508.00	2438.00	6,937	18,765
Oct	2515.00	2459.75	−49.25	2515.00	2459.75	51	591

■ SOFFEX

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	5420.1	5215.0	−185.0	5429.0	5180.0	8,398	26,079
Oct	5420.0	5220.9	−128.0	5420.0	5410.0	130	2,725

– Sat Aug 23: Taiwan Weighted Price 9986.42; Korea Comp Ex 742.58. Base values of all indices are 100 except Australia All Ord and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall, Toronto Comp./Met & Mins, DAX – all 1,000; SMI – 1500; JSE Gold – 255.7; JSE 25 Ind – 264.3; IMKB Nat 100 – 1; NYSE All Common – 50; Stand & Poor's – 10 and Amex Comp – 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Aug 28 – 3887.43 −84.60. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Aug 27	Aug 26	Aug 25	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	7787.33	7782.22	7858.57	8259.31 (6/8)	6391.69 (11/4)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	103.73	103.83	103.86	104.70 (31/7)	101.09 (14/4)	104.70 (31/7/97)	54.99 (1/10/81)
Transport	2901.83	2912.66	2940.88	3009.25 (6/8)	2222.07 (2/1)	3009.25 (6/8/97)	13.23 (8/7/32)
Utilities	233.35	232.37	231.79	240.85 (22/1)	209.47 (25/4)	256.48 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 7850.51 (7891.62) Low 7666.55 (7734.61) (Theoretical♣)
Day's high 7809.17 (7860.73) Low 7697.68 (7770.61) (Actual♣)

Standard and Poors	Aug 27	Aug 26	Aug 25	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	913.70	913.02	920.16	960.32 (6/8)	737.01 (2/1)	960.32 (6/8/97)	4.40 (1/6/32)
Industrials♥	1075.39	1073.79	1082.87	1130.76 (6/8)	865.42 (11/4)	1130.76 (6/8/97)	3.52 (30/6/32)
Financial	104.57	104.80	105.44	111.88 (31/7)	80.75 (2/1)	111.88 (31/7/97)	7.13 (4/9/74)
NYSE Comp.	476.05	475.36	478.03	497.00 (6/8)	389.47 (11/4)	497.00 (6/8/97)	4.64 (25/4/42)
Amex Comp.	651.12	647.30	646.85	654.06 (6/8)	541.20 (28/4)	654.06 (6/8/97)	524.20 (18/7/96)
NASDAQ Comp	1595.54	1591.30	1601.57	1630.44 (6/8)	1201.00 (2/4)	1630.44 (6/8/97)	54.87 (3/10/74)

■ RATIOS

	Aug 22	Aug 15	Aug 8	Year ago
Dow Jones Ind. Div. Yield	1.65	1.69	1.61	2.21
	Aug 27	Aug 20	Aug 13	Year ago
S & P Ind. Div. yield	1.54	1.50	1.53	2.02
S & P Ind. P/E ratio	24.78	25.45†	25.27	21.77

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Compaq	8,763,100	65⅛	−⅛
Gen Elec	6,960,800	62¼	−⅜
Iomega	6,584,500	26	+2¼
Coca Cola	5,144,300	58⅞	−⅜
Columbia HCA	4,848,500	32⅛	−⅛
Motorola	4,859,800	76	−1½
Philip Morris	4,219,800	45¾	−⅛
Pfizer	3,852,300	55⅛	+1½
Ceridian	3,832,500	37⅛	−5⅞
Nationsbank	3,548,400	63⅞	+⅛

■ TRADING ACTIVITY

● Volume (million)

	Aug 27	Aug 26	Aug 25
New York SE	492.083	449.046	388.965
Amex	26.515	26.990	19.142
NASDAQ	644.393	677.643	578.170

NYSE			
Issues Traded	3,362	3,388	3,382
Rises	1,636	1,303	1,587
Falls	1,171	1,496	1,215
Unchanged	555	589	580
New Highs	150	117	136
New Lows	21	16	23

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	913.50	910.05	−3.95	914.30	908.00	66,392	179,835
Dec	−	923.80	−	−	914.00	7,179	20,660

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	18460.0	18400.0	−60.0	18590.0	18370.0	19,238	160,847
Dec	18400.0	18390.0	−	18560.0	18360.0	2,517	42,670

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, August 28, 1997

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu Ltd	9.1m	1480	-7	NKK Corp	4.6m	184	+3
NEC Corp	8.0m	1430	-50	Sakura Bank	4.2m	733	+8
Seven-Eleven Jpn	5.0m	8390	-10	Hitachi	4.0m	1140	-20
Toshiba Corp	4.9m	679	-31	Nippon Steel	4.0m	300	+2
Aoki Corp	4.6m	73	+1	Bk Tok-Mitsubishi	3.6m	2220	+20

4 pm close August 28

NEW YORK STOCK EXCHANGE PRICES

- A -

1997 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
35	24 1/8	AAR x	0.48	1.4	25	1541	33 5/8	32 1/2	33 1/2	-1/16
53 3/4	33 1/8	AMP x	1.04	2.1	47	2192	51 1/8	50	50 1/8	-1/16
110 3/4	72 1/4	AMR			8	2104	103 7/8	102 1/16	102 3/4	-1 1/2
37 5/8	25 1/2	ASA	1.20	4.0	19	424	30 1/8	29 13/16	30	-1/4
68 13/16	49 1/4	Abbott	1.08	1.8	24	12552	61	59 1/2	59 7/8	-3/8
20 1/2	14 1/8	Abitibix	0.40	2.2	9	140	18 1/16	17 13/16	17 7/8	-1/4
35	17 1/2	ABM Ind	0.40	1.6	22	51	24 5/16	24 1/16	24 5/16	-1/8
24 1/2	17 3/4	Acclaim			11	340	22 1/16	21 3/4	22	
87 1/4	56 1/2	ACE Ltd	0.82	1.1	11	879	84 1/2	82 1/2	82 7/8	-1 1/8
15 1/4	10	ACM Gvt In	0.90	8.5	11	146	10 5/8	10 1/2	10 7/16	
8	7	ACM GvOpp	0.63	8.2		29	7 11/16	7 11/16	7 11/16	
10 5/16	9 1/4	ACM Man	0.90	8.9		85	10 1/16	10	10 1/16	
10 1/2	6 1/2	Acme Elect				24	6 1/2	6 3/8	6 3/8	+1/8
20	13	Acme Mts				144	13 11/16	13 9/16	13 5/8	
22 3/4	14	ACNielsen			41	934	22 7/8	22 3/8	22 5/8	
29 1/4	19 1/8	Acuson				474	27 1/2	27 1/4	27 3/8	+1/8
24 3/8	19 3/8	Adams Expr x	0.55	2.3	1	374	23 11/16	23 1/2	23 5/8	-1/16
42 1/2	24 7/8	AdvMic				6889	39 1/2	38 1/4	38 3/8	-1/16
27 1/2	10 5/8	Advest Grp	0.12	0.5	16	110	23 1/16	22 3/4	22 3/4	-7/16
18 13/16	11 3/8	Advo Inc			17	241	18 1/4	18 1/8	18 3/16	+1/16
77 7/8	61 1/8	Aegon x	1.31	1.7	21	390	76	74 3/4	75 3/4	+1/4
9 3/4	3 1/8	Aeriix				426	8 1/8	7 13/16	8	-1/16
57 1/2	33	Aero-V x	0.80	1.4	19	370	56 1/4	55 5/8	56 1/2	+1/8
82 3/4	48	AES Corp				30	72 13/16	72 13/16	72 13/16	
118 1/2	73	Aetna	0.80	0.8	30	4051	96 11/16	96	96 1/16	-7/8

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FINANCIAL TIMES
No FT, no comment.

Continued on next page

NYSE PRICES

4 pm close August 28

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4 pm close August 28

[illegible]

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

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AMEX PRICES

4 pm close August 28

[illegible]

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Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$3	+0.125	83973	8.25	2.875
Artwork Systems	US$8.125		10650	11.125	8.125
Chemunex	FFr10		28500	18	10
Debonair Holdings	GBP6.4	-0.05	24350	7.15	4.5
Dr Solomon's ADS	US$24.375		0	28.375	16.875
EDAP TMS	US$7		0	9.125	6.9375
Esprit Telecom ADS	US$5.875	-0.25	0	12.25	5.375
Innogenetics	US$10.25		13700	12.75	10
Lernout & Hauspie	US$26.625	-0.125	3500	34	25
Mercer Int'l	US$10.625	-0.125	0	11.75	8.125
NTL	US$20.875		1000	25.125	20
PixTech	US$2.625		0	6.125	3.375
Schoeller-Bleckmann	Sch1558	+75	29850	1575	1465
Topcall Int'l	Sch3205	+55	2620	3363	3065
Turbodyne Technol.	US$5.03	-0.22	600	6.25	3.75

Prices for 28/8/97. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at HTTP://WWW.EASDAQ.be EASDAQ offices are located in Brussels (Tel 32-2 / 227 65 20) and in London (Tel 44-171 / 489 9950).

FINANCIAL TIMES Friday August 29 1997

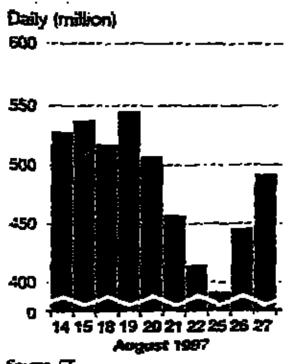
Early wave of selling hits Dow

AMERICAS

Wall Street was rocked by an early wave of selling which took more than 120 points off the Dow Jones Industrial Average before buyers stepped in, *writes John Labate in New York.*

By midsession, the Dow was down 116.13 or 1.5 per cent at 7,671.20. The broader Standard & Poor's 500 index fell 12.76 at 900.94, while the Nasdaq composite index, heavily weighted to the technology sector, fell 15.83 at 1,579.71.

NYSE volume



Source: FT

The selling was broadly based, with banking, technology and consumer-related stocks all trending sharply lower.

Since the Dow's record close of 8,259.31 in early August, the index of 30 blue-chip stocks had lost nearly 472 points or 5.7 per cent by Wednesday's close.

The biggest fallers among the Dow constituents yesterday included Caterpillar, down $2 at $58, and Johnson & Johnson, which lost $1½ at $56¼.

Exxon also fell sharply on reports that the oil company could lose potential deposits in Russia. The shares lost $1⅞ at $61⅞.

Among computer-related stocks, semiconductor issues were sharply lower as the chip maker, Altera, lost $9 or more than 14 per cent at $52¾ when the company lowered its expectations for the third quarter.

Altera's announcement helped to spark a broader sell-off of the sector, and the semiconductor sector index of the Philadelphia Stock Exchange plunged 10.32 or 2.7 per cent at 376.27.

Industry leader, Intel, also traded lower, losing $1⅞ at $92⅝, while Texas Instruments fell $1⅛ at $115¼.

Other losers among high-tech leaders were Cisco Systems, down $3¾ at $74, and Hewlett-Packard, off $1¼ at $61⅛.

The fall in stocks was not replicated in the Treasury market, where overseas buying helped to boost bond prices. By mid-afternoon the long bond was ⅛ higher at 96⅞, sending the yield down to 6.603 per cent.

Firmer bond prices could not stop bank stocks from sliding as Citicorp lost $2⅞ at $128¾ and Bank of New York lost $1¾ at $44¾.

TORONTO stocks were steady at lower levels at midday after tracking Wall Street down. The 300 composite index fell 40.33 to 6,633.84, up slightly from morning lows.

Trade was a moderate 41.4m shares worth C$716.75m. Declines outweighed advances 441 to 291, while 301 shares traded flat.

All the sub-indices lost ground, led by conglomerates and metals, which both lost more than 1 per cent. Trade was expected to remain choppy ahead of the forthcoming long holiday weekend.

National Bank of Canada fell 20 cents to C$17.85 after releasing third-quarter results that were in line with analysts' expectations.

Toronto Dominion Bank was down 10 cents to C$42 after announcing third-quarter profits of 94 cents a share, compared with 71 cents a year ago.

Manila leads regional retreat with 9% plunge

ASIA PACIFIC

A fresh assault on Asian currencies sent regional equity markets reeling yesterday, led down by Manila and Kuala Lumpur which bore the brunt of the onslaught.

"The turmoil in South-East Asian currency markets is to blame for the sell-off, and can be expected to cause turbulence on exchanges for the next few weeks," said Ian MacFarlane, strategist at Paribas Asia Equity. He added that central banks had tightened monetary policy to defend currencies, and the higher interest rates had prompted the sell-off on regional exchanges.

"There is a snowball effect which will only end once policymakers realise that they have done enough. They should allow the currencies to find their own levels," he said.

MANILA suffered its biggest one-day loss for 10 years as investors panicked about weak economic growth and the threat of another rise in interest rates. The composite fell 212.06 to 2,071.97 in spite of the peso's rebound from Wednesday's record lows.

The main focus was on disappointing growth figures for the first half of the year. The GNP growth rate was down to 5.9 per cent from 6.9 per cent a year earlier. Bearish sentiment was further fuelled by the central bank's move to increase banks' liquidity requirements, placing upward pressure on interest rates. The step is aimed at protecting the peso, which has fallen about 15 per cent against the dollar.

KUALA LUMPUR plunged more than 8 per cent at one stage as investors fled after the imposition of restrictions on stock trading. The market steadied but the composite index still closed 35.74 down at 812.18, its lowest level since August 1993.

THE DAY'S CHANGES

	% Change
Manila	-9.3
Jakarta	-4.5
Kuala Lumpur	-4.2
Hong Kong	-4.2
Singapore	-3.6
Bombay	-3.3
Bangkok	-2.3
Taipei	-2.2
Seoul	-1.8
Tokyo	+0.1

Many analysts were highly critical of the restrictions, which included a ban on short selling of composite index shares in a bid to curb speculation. One dealer dismissed the restrictions as panic action and a trader said the move could shatter the confidence of investors in a market which sought to be regarded as a regional financial centre.

JAKARTA retreated as the rupiah plunged. The composite index fell 25.10 to end at 530.37 after touching an intraday low of 528.41 points minutes before the close.

Banking shares were the targets of profit-takers after their strong rebound on Tuesday and Wednesday.

HONG KONG felt the force of the storm even though it is unaffected by the woes plaguing other regional markets. The Hang Seng index posted its fifth largest ever points fall, sliding 657.86 to 14,876.10. In subsequent London trading, Hong Kong stocks lost another 3.7 per cent taking an indicative Hang Seng index down another 542.38 to 14,333.72.

Analysts said the Hong Kong dollar's link to the US currency appeared to be under no serious threat, but domestic interest rates were reacting to the regional currency turmoil, and Asian fund redemptions could bring further weakness.

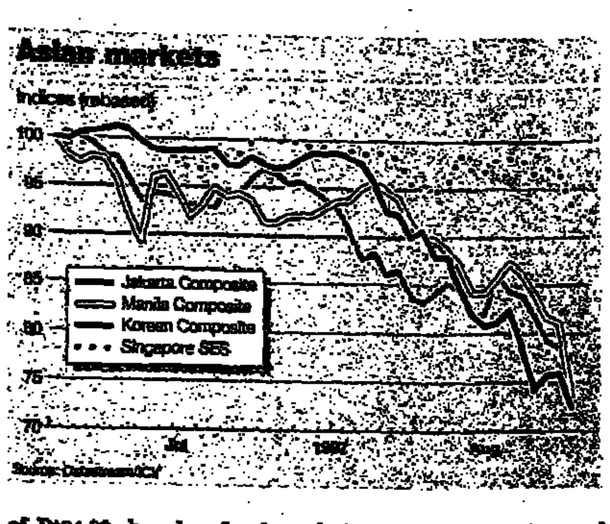
SINGAPORE sagged under its neighbours' problems, with traders blaming the sharp falls on a spillover from Malaysia and on the turmoil in currency markets. The Singapore dollar fell to a 37-month low to the dollar in line with steep losses in the Malaysian ringgit.

The Straits Times Industrials index closed 69.34 down at 1,846.62 in hectic trade.

BANGKOK was battered as the baht sank to a new low, pulled down by the ringgit. The SET index extended a 10-day losing streak, dipping 11.98 to 511.76, with concerns over a parliamentary debate on the troubled economy adding to the gloom.

The baht hit an onshore record low against the dollar of Bt34.30, keeping foreign investors on the sidelines.

Asian markets



TAIPEI followed other regional markets lower as political jitters undermined sentiment. The weighted index closed down 223 at 9,827.49 in modest turnover.

Taiwan's central bank warned currency speculators against taking on the local dollar, and the unit ended higher against the US dollar. Regional currency concerns were, however, outweighed by fears that a power struggle could emerge within the ruling Nationalist party.

TOKYO edged higher on bargain-hunting but domestic institutions continued selling blue chips and other high-priced issues to take profits ahead of interim book-closing at the end of September, *writes Gwen Robinson.* The Nikkei 225 average closed 9.51 higher at 18,451.45 after moving between 18,385.74 and 18,586.26. Trading opened on a positive note as securities houses and institutional investors bought back many issues after Wednesday's plunge. But selling hit the market in the afternoon as domestic institutions and foreign investors sold off leading issues.

Traders said many large investors were holding back ahead of Friday's publication of July industrial production data, and were also watching developments in New York.

Declining issues exceeded advances 681 to 370 with 174 unchanged. Volume eased to an estimated 318m shares from 334m. The Topix index of all first-section stocks shed 4.68 to 1,438.10 and the capital-weighted Nikkei 300 was off 0.67 at 280.97.

In London, the ISE/Nikkei 50 index fell 7.64 to 1,578.22.

Blue-chip exporters, particularly high-technology issues, were mostly lower. Kyocera fell Y100 to Y7,900, Tokyo Electron Y60 to Y6,740 and Nikon Y80 to Y2,090.

Banks and securities houses mostly gained ground. Sakura Bank rose Y8 to Y733, Daiwa Bank Y17 to Y638 and Long-Term Credit Bank Y16 to Y604.

Steelmakers and construction-related stocks were among other domestic demand-driven issues to draw buying interest. Nippon Steel gained Y2 to Y300 and NKK Y3 to Y184. Taisei rose Y3 to Y485 and Sato Kogyo Y5 to Y123.

In Osaka, the OSE average fell 162.81 to 19,419.76 and volume rose to 96m shares.

SEOUL was marked lower but its fall was the result of rumours about financial troubles at Hanwha Group, the country's ninth largest company. The rumours, denied by Hanwha, circulated after news that the government was considering abolishing its bailout programme for troubled companies. The composite index lost 13.42 at 716.86 as all six of Hanwha Group's listed companies were quoted limit down.

BOMBAY was depressed by events in other regional markets and blue chips fell sharply as investors unwound positions ahead of the end of the monthly account. The BSE-30 index lost 134.41 to 3,963.15 as expected support from local funds failed to materialise.

Roche drugs setback sends Zurich 3.6% lower

EUROPE

A sharp fall in Roche after the US launch of one of its most promising new drugs was delayed, provided the catalyst for a 3.6 per cent tumble in ZURICH.

Roche certificates dropped SFr745 or 5.6 per cent to SFr12,600 after the company said it had temporarily withdrawn is application for US approval of its weight management drug, Xenical, while it gathered more data in clinical trials.

One analyst said the setback was likely to delay introduction of the drug for six to 12 months, and this would have some impact on profits.

The SMI index fell 192.3 to 5,217.3 under pressure from Roche, the early performance of Wall Street and a weakening dollar.

Derivatives linked selling sent Novartis sliding SFr103 to SFr2,079, in spite of unveiling first-half results in line with expectations.

Against the trend, CS Group picked up 50 centimes to SFr180, which suggested that the recent downward trend in the stock had gone far enough. UBS, however, dropped SFr38 to SFr1,470.

Elsewhere among the blue chips, Nestlé lost SFr62 to SFr1,733 as investors assessed a downbeat note on the company's prospects from Standard & Poor's MarketScope research group.

AMSTERDAM fell sharply as Wall Street sagged and the AEX index failed to hold above 900 points, closing down 30.06 or 3.3 per cent at 877.27.

Financial shares failed to respond to good results from heavyweights Fortis and ING. Fortis fell sharply, losing Fl 4 or 4.7 per cent to Fl 80.50. ING's decline was less dramatic, with the share dropping 3.2 per cent or Fl 3 to Fl 90.50. ABN Amro also felt the heat on financials, falling 5 per cent or Fl 2.20 to Fl 40.40.

Retailer Bijenkorf shocked the market when it announced a big loss for the first half of the year and resignations by board members. The share, however, astonished brokers by gaining 50 cents to Fl 133.50.

FRANKFURT was sharply lower in late trade on futures-linked selling in response to steep declines on Wall Street and weakness in the dollar. The Ibis-indicated Dax index fell 94.60 or 2.4 per cent to 3,897.43 at the end of another busy day for corporate reports.

Lufthansa outperformed the other Dax 30 shares, losing just 10 pfg at DM36.50 after reporting that first-half pretax profit more than tripled to DM397m.

Another corporate reporter, Deutsche Telekom, lost DM1.70 to DM36.42 as first-half parent company pretax profit before extraordinaries grew to DM3.2bn from DM2.3bn a year earlier.

Metro dropped DM7.16 to DM83.20 after a rise in first-half pretax profit came in at the lower end of expectations.

PARIS closed lower after morning gains gave way to Wall Street's steep drop and the wilting dollar. The CAC 40 was down 43.29 at 2,868.41 after reaching a high of 2,896.74.

Shares in Bouygues rose FFr6 to FFr501 after reports that the company might split its building and media holdings if the government passed a law limiting concentration of media ownership. Bouygues owns 30 per cent of TF1, France's largest private television group.

Bic was the biggest loser of the day, dropping 7.7 per cent or FFr36.50 to FFr438.50 after reporting disappointing earnings. Renault lost FFr6 to FFr159 after announcing it had sold the final part of its stake in Volvo.

STOCKHOLM fell on the back of Wall Street's slide, with the softer dollar also fuelling bearish sentiment. The general index fell 32.70 to 3,030.00, off its 3,084.80 high.

After starting the day in positive territory, telecoms group Ericsson fell Skr4.50 to Skr333 and drugs major Astra slipped Skr1 to Skr129. Volvo fell Skr3 to Skr203.50 on the Renault news.

Among Europe's emerging markets, ISTANBUL stood out with a 2.5 per cent rise as easing bond rates and growing privatisation hopes fuelled the bullish sentiment. The IMKB National-100 index picked up 48 to 1,973 in turnover that jumped 36 per cent to TL21,400bn.

Written and edited by Michael Morgan and Greta Steyn

Mexico City tumbles

MEXICO CITY followed Wall Street lower with the IPC index down 90.90 points at 4,522.98 at midsession, a fall of 1.9 per cent.

Telefonos de Mexico declined 14 centavos to 19.66 pesos in early trade while one of Mexico's biggest financial companies, Bancomer, slipped 10 centavos to 5.30 pesos after completing a capitalisation programme.

Volume totaled 763.2m pesos on about 37m shares traded.

Traders said the IPC is on the verge of breaking an important resistance level of 4,500 points. "When that happens, we could sink to 4,700," one trader said.

SAO PAULO was trading lower across the board, with the Bovespa index losing 219 points or 1.9 per cent to 11,500.

Benchmark shares of federal telecommunications group Telebras gave up R$3 or 2.1 per cent to R$140.

Sao Paulo state bank Banespa shot up R$1.61 to R$55.21 on top of an 8.7 per cent jump on Wednesday as investors continued buying ahead of the bank's planned 1998 privatisation.

S Africa dented by data

South African shares finished weak, near the day's lowest levels, after being knocked by a higher-than-expected July consumer price index figure.

The market started firm, taking heart from a resilient performance on Wall Street overnight, but July CPI came in at 9.1 per cent year-on-year against a consensus forecast of 8.5 per cent.

The all-share index was down 10.8 at 7,380.4, golds dropped 5.8 to 1,024.9 and industrials slipped 28.7 to 9,076.5.

Rand hedge stocks had a boost in early trade as the rand sagged, but gave up some gains as the currency recovered some of the lost ground.

FTSE Actuaries Share Indices — European series

August 28

National & Regional Markets	Ecu Index	Day's %	change points	Yield gross %	xd adj	Total retn (Ecu)
FTSE Eurotop 300	922.88	-1.95	-18.33	2.45	0.00	925.11
FTSE Eurotop 100	2149.58	-1.61	-35.19	-	-	-
FTSE Eurotop 300 Regions						
300 UK	939.02	-1.84	-17.56	3.45	0.00	944.81
300 Ex-UK	*913.80*	*-2.01*	*-18.78*	*1.88*	*0.00*	*914.07*
300 Eurobloc	915.37	-1.87	-17.41	2.06	0.00	915.78
300 Ex-Eurobloc	928.52	-2.01	-19.00	2.73	0.00	932.09
FTSE Eurotop 300 Economic Groups						
Resources	954.16	-1.41	-13.65	2.90	0.00	955.61
General Industries	941.53	-1.65	-15.78	2.09	0.00	942.13
Consumer Goods	888.21	-2.61	-23.82	2.08	0.00	890.28
Services	931.45	-1.72	-16.28	2.37	0.00	933.06
Utilities	918.87	-1.16	-10.80	3.41	0.00	923.48
Financials	919.97	-2.30	-21.64	2.50	0.00	923.30

Base value 1000. More information on http://www.ftse.com. 'FTSE' and 'Footsie' are registered trade marks of the London Stock Exchange and The Financial Times. 'Eurobloc' is a registered trade mark of the Amsterdam Stock Exchange. FTSE Eurotop indices are compiled by FTSE International. © FTSE International Limited 1997. All rights reserved.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 27 1997								TUESDAY AUGUST 26 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	226.75	-0.9	210.47	171.86	215.30	205.27	-0.1	3.75	230.88	212.26	172.99	216.12	205.56	243.87	200.17	203.52
Austria (25)	193.93	0.9	178.43	145.70	182.53	182.45	1.5	1.80	192.11	176.62	143.94	179.82	179.74	206.00	174.70	181.13
Belgium (28)	235.66	-0.6	216.83	177.05	221.81	217.30	0.0	3.14	237.02	217.90	177.58	221.86	217.39	261.11	213.92	217.88
Brazil (30)	280.63	1.2	258.20	210.83	264.13	563.92	1.1	1.30	277.25	254.89	207.73	259.52	557.48	322.44	175.02	175.02
Canada (126)	213.85	-0.3	196.76	160.66	201.27	215.55	-0.4	1.72	214.43	197.14	160.66	200.72	216.34	224.03	162.51	164.01
Denmark (32)	389.20	-1.0	358.10	292.41	366.32	364.98	-0.5	1.50	393.13	361.42	294.55	367.99	366.76	421.25	317.47	320.14
Finland (28)	292.03	0.0	268.69	219.40	274.86	333.04	0.7	1.65	292.08	268.52	218.84	273.40	330.89	314.06	205.96	211.52
France (83)	223.41	-0.3	205.55	167.84	210.27	213.67	0.1	2.47	224.19	206.11	167.97	209.85	213.44	237.57	187.42	192.15
Germany (59)	*218.56*	*0.3*	*201.09*	*164.20*	*205.71*	*205.71*	*0.9*	*1.39*	*217.85*	*200.28*	*163.22*	*203.92*	*203.92*	*238.42*	*172.93*	*177.23*
Hong Kong, China (66)	542.50	0.3	499.15	407.58	510.61	539.39	0.3	2.85	540.95	497.32	405.30	506.36	537.75	580.03	421.41	435.24
Indonesia (27)	*158.20*	*-4.0*	*145.56*	*118.86*	*148.90*	*280.96*	*-0.3*	*2.31*	*164.88*	*151.58*	*123.54*	*154.34*	*281.70*	*254.90*	*158.20*	*191.88*
Ireland (17)	367.83	0.3	338.44	276.35	346.20	351.14	0.8	2.78	366.65	337.08	274.71	343.20	348.52	376.16	266.82	287.80
Italy (53)	98.00	-0.5	90.16	73.62	92.23	129.45	0.1	1.84	98.50	90.56	73.80	92.20	129.28	105.79	73.26	76.95
Japan (485)	125.58	-1.9	115.55	94.35	118.20	94.35	-1.6	0.84	128.03	117.70	95.93	119.84	95.93	147.81	107.57	147.64
Malaysia (107)	362.56	-2.5	333.59	272.39	341.24	395.52	-0.9	1.77	371.67	341.69	278.47	347.90	399.01	660.85	362.56	553.10
Mexico (27)	1761.04	0.1	1620.32	1323.06	1657.50	14932.70	-0.0	1.50	1759.65	1617.73	1318.40	1647.13	14933.41	1864.38	1136.59	1315.94
Netherlands (19)	400.06	-0.4	368.09	300.56	376.54	372.41	0.2	2.12	401.68	369.28	300.95	375.99	371.79	431.66	297.04	301.50
New Zealand (14)	88.30	-1.1	81.25	66.34	83.11	72.87	-0.8	4.18	89.33	82.13	66.93	83.62	73.49	96.47	83.03	85.66
Norway (41)	317.93	0.1	292.52	238.86	299.24	323.60	0.0	1.90	317.85	292.03	238.00	297.34	323.54	330.72	248.20	248.85
Philippines (22)	121.63	-0.7	111.91	91.38	114.48	181.42	-0.7	1.14	122.54	112.66	91.81	114.70	182.78	214.07	121.63	206.36
Singapore (42)	330.90	-2.3	304.45	248.60	311.44	229.80	-1.4	1.37	338.64	311.33	253.73	316.99	233.15	448.01	329.94	400.68
South Africa (44)	340.57	0.2	313.36	255.87	320.55	349.49	0.3	2.45	339.79	312.39	254.59	318.06	348.50	370.12	301.49	331.08
Spain (33)	242.52	-0.9	223.23	182.28	228.35	281.44	-0.3	2.36	244.72	224.99	183.36	229.07	282.40	276.05	173.01	179.39
Sweden (49)	484.63	0.2	445.90	364.10	456.13	565.62	-0.0	1.82	483.88	444.85	362.54	452.93	565.64	512.39	358.30	364.34
Switzerland (33)	293.67	0.3	270.20	220.63	276.40	272.57	0.8	1.22	292.85	269.23	219.41	274.12	270.37	329.58	231.89	254.34
Thailand (42)	43.07	-0.7	39.63	32.36	40.53	56.81	-0.5	5.42	43.35	39.85	32.48	40.58	57.21	146.69	43.07	144.42
United Kingdom (213)	311.11	0.3	286.24	233.73	292.81	286.24	0.4	3.48	310.23	285.21	232.43	290.39	285.21	325.28	244.64	245.97
USA (636)	371.40	0.0	341.72	279.03	349.56	371.40	0.0	1.66	371.27	341.33	278.17	347.53	371.27	388.67	264.75	271.54
Americas (819)	339.58	0.0	312.45	255.13	319.62	286.09	0.0	1.66	339.46	312.08	254.34	317.75	286.00	358.35	242.47	248.43
Europe (713)	269.31	0.0	247.79	202.33	253.48	258.64	0.4	2.48	269.22	247.51	201.71	252.00	257.70	284.44	212.81	216.60
Nordic (150)	413.49	-0.1	380.45	310.66	389.18	422.35	0.0	1.76	413.69	380.33	309.96	387.24	422.25	437.88	310.57	314.88
Pacific Basin (881)	142.64	-1.6	131.24	107.17	134.25	108.20	-1.3	1.34	144.99	133.30	108.64	135.72	109.60	162.15	127.18	161.35
Euro-Pacific (1594)	195.52	-0.7	179.89	146.89	184.02	164.71	-0.3	1.99	195.85	180.97	147.49	184.26	165.28	209.12	173.55	184.24
North America (762)	361.62	0.0	332.72	271.68	340.35	361.02	0.0	1.67	361.55	332.39	270.88	338.43	360.95	379.38	258.56	264.97
Europe Ex. UK (500)	240.99	-0.1	221.73	181.05	226.82	237.36	0.4	1.87	241.25	221.79	180.75	225.82	236.49	256.73	191.01	195.78
Pacific Ex. Japan (396)	289.99	-0.7	266.82	217.87	272.94	263.68	-0.1	2.89	292.09	268.54	218.85	273.42	264.09	320.85	260.77	286.38
World Ex. US (1821)	199.74	-0.6	183.77	150.06	187.99	171.87	-0.3	1.87	200.97	184.76	150.57	188.12	172.21	212.89	176.94	185.54
World Ex. UK (2244)	249.22	-0.4	229.31	187.24	234.57	223.25	-0.2	1.64	250.14	229.97	187.42	234.15	223.71	262.69	204.12	208.92
World Ex. Japan (1972)	320.23	0.0	294.64	240.59	301.40	314.14	0.1	2.00	320.26	294.43	239.95	299.78	313.73	334.83	242.70	247.16
The World Index (2457)	254.54	-0.3	234.20	191.24	239.57	229.07	-0.1	1.82	255.32	234.72	191.29	238.99	229.40	267.21	207.64	212.12

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Constituent change effective 27/8/97: Name Change: Citizens Utilities Class B to Citizens Utilities (USA). Latest prices were unavailable for this edition.

The Chase Manhattan Corporation
U.S.$175,000,000
Floating Rate Subordinated Notes due 1997
Notice is hereby given that the Rate of Interest has been fixed at 6.0% and that the interest payable on the relevant Interest Payment Date November 28, 1997 against Coupon No. 48 in respect of US$10,000 nominal of the Notes will be US$151.67.
August 29, 1997, London
By: Citibank, N.A. (Corporate Agency & Trust), Agent Bank CITIBANK

Wells Fargo & Company
US$200,000,000
Floating rate subordinated notes due 2000
In accordance with the provisions of the notes, notice is hereby given that for the interest period 29 August 1997 to 30 September 1997 the notes will carry an interest rate of 5.75% per annum. Interest payable on the relevant interest payment date 30 September 1997 will amount to US$51.11 per US$10,000 note and US$255.55 per US$50,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

To The Holders Of
Banco Central de Costa Rica
US $66,611,115
Series A
Interest Claims Bonds
Due May 21, 2005
US $76,435,529
Series B
Interest Claims Bonds
Due May 21, 2005
NOTICE IS HEREBY GIVEN that the rate of interest from August 21, 1997 through and including November 20, 1997 is 6.539063% per annum. Interest coupons payable on November 21, 1997 will amount to $604.80 per $100,000 nominal face amount.
First Trust of New York, N.A.
as Fiscal Agent
Dated: August 19, 1997

U.S. $1,434,690,000
Republic of Ecuador
Discount Bonds due 2025
For the six months August 28, 1997 to February 27, 1998 the Bonds will bear interest at 6.6875% per annum. The interest payable on the relevant interest payment date, February 27, 1998 will be U.S. $33.99 per U.S. $1,000 Bond.
By: The Chase Manhattan Bank as Fiscal Agent
August 29, 1997 CHASE

U.S. $500,000,000
Lloyds Bank Plc
(Incorporated in England with limited liability)
Primary Capital Undated Floating Rate Notes (Series 2)
For the three months, August 29, 1997 to November 28, 1997, the Notes will carry an interest rate of 5.9375% p.a. with a Coupon Amount of U.S. $150.09 payable on November 28, 1997.
By: The Chase Manhattan Bank London, Agent Bank

U.S. $250,000,000
BANK OF BOSTON CORPORATION
Subordinated
Floating Rate Notes Due 2001
Issued 10th February 1986
Interest Rate 5.875% per annum
Interest Period 29th August 1997
28th November 1997
Interest Amount per U.S. $50,000 Note due 28th November 1997 U.S. $742.53
Credit Suisse First Boston (Europe) Ltd.
Agent

COMMERCIAL UNION PRIVILEGE PORTFOLIO SICAV
Registered Office:
Galerie Kons, 26 place de la Gare
4th floor
L-1616 LUXEMBOURG
R.C. Luxembourg B32640
DIVIDEND ANNOUNCEMENT
Commercial Union Privilege Portfolio announce an interim dividend distribution payable 30th August 1997 for the following funds:
Deutschmark Reserve no dividend distribution
Sterling Reserve 0,027299 GBP Coupon no 14
US Dollar Reserve 0,24819 USD Coupon no 13
Peseta Bond 10.20 PTA Coupon no 13
Dividends are payable to holders of bearer shares against presentation of the respective coupon at the following banks:
In Luxembourg: CHASE MANHATTAN BANK Luxembourg S.A.
5, rue Plaetis
L-2338 LUXEMBOURG
In Belgium: BANK VAN BREDA & CO
Plantin en Moretuslei, 295
B-2140 ANTWERPEN
The Board of Directors
Commercial Union Privilege Portfolio SICAV

Den norske Bank
U.S.$200,000,000
Primary Capital Perpetual Floating Rate Notes
(SECOND SERIES)
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from August 29, 1997 to February 27, 1998 the Notes will carry an Interest Rate of 6.025% p.a. and the Coupon Amount per U.S.$10,000 will be U.S.$304.60 and per U.S.$100,000 will be U.S.$3,045.97.
August 29, 1997, London
By: Citibank, N.A. (Corporate Agency and trust), Agent Bank CITIBANK

Den norske Bank
Primary Capital Perpetual Floating Rate Notes
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from August 29, 1997 to November 28, 1997 the Notes will carry an Interest Rate of 6.0% p.a. and the Coupon Amount per U.S.$10,000 will be U.S.$151.67.
August 29, 1997, London
By: Citibank, N.A. (Corporate Agency and Trust), Agent Bank CITIBANK

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